

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36612



ReWalk Robotics Ltd.

(Exact name of registrant as specified in charter)

Israel (State or other jurisdiction of incorporation or organization)	Not applicable (I.R.S. Employer Identification No.)
3 Hatnufa Street , Floor 6 , Yokneam Ilit , Israel (Address of principal executive offices)	2069203 (Zip Code)

+ 972 . 4.959.0123

Registrant's telephone number, including area code

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)
Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary shares, par value NIS 1.75	LFWD	Nasdaq Capital Market

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 13, 2024, the registrant had outstanding 8,602,626 ordinary shares, par value NIS 1.75 per share.

REWALK ROBOTICS LTD.

FORM 10-Q
FOR THE QUARTER ENDED March 31, 2024

TABLE OF CONTENTS

	Page No.
<u>GENERAL AND WHERE YOU CAN FIND MORE INFORMATION</u>	
<u>PART I FINANCIAL INFORMATION</u>	
<u>ITEM 1. FINANCIAL STATEMENTS</u>	4
<u>CONDENSED CONSOLIDATED BALANCE SHEETS - MARCH 31, 2024 (unaudited) AND DECEMBER 31, 2023</u>	4
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (unaudited)</u>	6
<u>CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY – MARCH 31, 2024 AND 2023 (unaudited)</u>	7
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (unaudited)</u>	8
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	9
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	28
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	38
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	38
<u>PART II OTHER INFORMATION</u>	39
<u>ITEM 1. LEGAL PROCEEDINGS</u>	39
<u>ITEM 1A. RISK FACTORS</u>	39
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	40
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	40
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	40
<u>ITEM 5. OTHER INFORMATION</u>	40
<u>ITEM 6. EXHIBITS</u>	41
<u>SIGNATURES</u>	42

Introduction and Where You Can Find Other Information

As used in this quarterly report on Form 10-Q (this "quarterly report"), the terms "ReWalk," the "Company," "RRL," "we," "us" and "our" refer to ReWalk Robotics Ltd. and its subsidiaries, unless the context clearly indicates otherwise. Our website is www.rewalk.com. Information contained in, or that can be accessed through, our website does not constitute a part of this quarterly report and is not incorporated by reference herein. We have included our website address in this quarterly report solely for informational purposes. Information that we furnish to or file with the Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to, or exhibits included in, these reports are available for download, free of charge, on our website as soon as reasonably practicable after such materials are filed with or furnished to the SEC. Our SEC filings, including exhibits filed or furnished therewith, are also available on the SEC's website at <http://www.sec.gov>.

Special Note Regarding Forward-Looking Statements

In addition to historical information, this quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition. Forward-looking statements may include projections regarding our future performance and, in some cases, can be identified by words like "anticipate," "assume," "believe," "could," "seek," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "should," "will," "would" or similar expressions that convey uncertainty of future events or outcomes and the negatives of those terms. These statements may be found in the section of this quarterly report titled "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this quarterly report. These statements include, but are not limited to, statements regarding:

- our expectations regarding future growth, including our ability to increase sales in our existing geographic markets and expand to new markets;
- our ability to maintain and grow our reputation and the market acceptance of our products;
- our ability to achieve reimbursement from third-party payors or advance Centers for Medicare & Medicaid Services ("CMS") coverage for our products, including our ability to successfully submit and gain approval of cases for Medicare coverage through Medicare Administrative Contractors ("MACs");
- our ability to maintain compliance with the continued requirements of the Nasdaq Capital Market and the risk that our ordinary shares will be delisted if we do not comply with such requirements;
- our ability to continue to successfully integrate the operations of AlterG, Inc. into our organization, and realize the anticipated benefits therefrom;
- our ability to have sufficient funds to meet certain future capital requirements, which could impair our efforts to develop and commercialize existing and new products;
- our ability to leverage our sales, marketing and training infrastructure;
- our ability to grow our business through acquisitions of businesses, products or technologies, and the failure to manage acquisitions, or the failure to integrate them with our existing business;
- our expectations as to our clinical research program and clinical results;
- our ability to obtain certain components of our products from third-party suppliers and our continued access to our product manufacturers;
- our ability to improve our products and develop new products;
- our compliance with medical device reporting regulations to report adverse events involving our products, which could result in voluntary corrective actions or enforcement actions such as mandatory recalls, and the potential impact of such adverse events on our ability to market and sell our products;
- our ability to gain and maintain regulatory approvals and to comply with any post-marketing requests;

- the risk of a cybersecurity attack or incident relating to our information technology systems significantly disrupting our business operations;
- our ability to maintain adequate protection of our intellectual property and to avoid violation of the intellectual property rights of others;
- the impact of substantial sales of our shares by certain shareholders on the market price of our ordinary shares;
- our ability to use effectively the proceeds of our offerings of securities, if any;
- the impact of the market price of our ordinary shares on the determination of whether we are a passive foreign investment company;
- market and other conditions, including the extent to which inflation or global instability may disrupt our business operations or our financial condition or the financial condition of our customers and suppliers, including the ongoing war between Israel and Hamas and the increasing tensions between China and Taiwan; and
- other factors discussed in the "Risk Factors" section of our 2023 annual report on Form 10-K and in our subsequent reports filed with the SEC.

The preceding list is not intended to be an exhaustive list of all forward-looking statements contained in this quarterly report. The statements are based on our beliefs, assumptions, and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance, or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the statements. In particular, you should consider the risks provided under "Part I, Item 1A. Risk Factors" of our 2023 annual report on Form 10-K, and in other reports subsequently filed by us with, or furnished to, the SEC.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur.

Any forward-looking statement in this quarterly report speaks only as of the date hereof. Except as required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future developments or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REWALK ROBOTICS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	March 31, 2024	December 31, 2023		
	(unaudited)			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,744	\$ 28,083		
Trade receivable, net of credit losses of \$ 306 and \$ 328 , respectively	3,491	3,120		
Prepaid expenses and other current assets	2,492	2,366		
Inventories	6,059	5,653		
Total current assets	32,786	39,222		
LONG-TERM ASSETS				
Restricted cash and other long-term assets	432	784		
Operating lease right-of-use assets	1,562	1,861		
Property and equipment, net	1,206	1,262		
Intangible assets	11,694	12,525		
Goodwill	7,538	7,538		
Total long-term assets	22,432	23,970		
Total assets	\$ 55,218	\$ 63,192		

The accompanying notes are an integral part of these condensed consolidated financial statements.

REWALK ROBOTICS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	\$ 4,278	\$ 5,069
Employees and payroll accruals	1,487	2,034
Deferred revenues	1,430	1,504
Current maturities of operating leases liability	1,245	1,296
Earnout liability	579	576
Other current liabilities	1,073	1,316
Total current liabilities	<u>10,092</u>	<u>11,795</u>
LONG-TERM LIABILITIES		
Earnout liability	2,709	2,716
Deferred revenues	1,364	1,506
Non-current operating leases liability	354	607
Other long-term liabilities	84	58
Total long-term liabilities	<u>4,511</u>	<u>4,887</u>
Total liabilities	<u>14,603</u>	<u>16,682</u>
COMMITMENTS AND CONTINGENT LIABILITIES		
Shareholders' equity:		
Share capital		
Ordinary share of NIS 1.75 par value-Authorized: 25,000,000 shares at March 31, 2024 and December 31, 2023;		
Issued: 9,176,502 and 9,161,798 shares at March 31, 2024 and December 31, 2023, respectively; Outstanding:		
8,601,844 and 8,587,140 shares as of March 31, 2024 and December 31, 2023 respectively (1)	4,494	4,487
Additional paid-in capital	281,483	281,109
Treasury Shares at cost, 574,658 ordinary shares at March 31, 2024 and December 31, 2023 (1)	(3,203)	(3,203)
Accumulated deficit	(242,159)	(235,883)
Total shareholders' equity	<u>40,615</u>	<u>46,510</u>
Total liabilities and shareholders' equity	<u>\$ 55,218</u>	<u>\$ 63,192</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Reflects our one-for-seven reverse share split that became effective on March 15, 2024. See Note 8a to the condensed consolidated financial statements.

REWALK ROBOTICS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2024	2023
Revenues	\$ 5,283	\$ 1,230
Cost of revenues	<u>3,888</u>	<u>659</u>
Gross profit	<u>1,395</u>	<u>571</u>
Operating expenses:		
Research and development, net	1,291	752
Sales and marketing	5,014	2,484
General and administrative	<u>1,592</u>	<u>1,710</u>
Total operating expenses	<u>7,897</u>	<u>4,946</u>
Operating loss	(6,502)	(4,375)
Financial income, net	<u>232</u>	<u>78</u>
Loss before income taxes	(6,270)	(4,297)
Taxes on income	<u>6</u>	<u>24</u>
Net loss	<u>\$ (6,276)</u>	<u>\$ (4,321)</u>
Net loss per ordinary share, basic and diluted	<u>\$ (0.73)</u>	<u>\$ (0.51)</u>
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted (1)	<u>8,590,088</u>	<u>8,502,217</u>

(1) Reflects our one-for-seven reverse share split that became effective on March 15, 2024. See Note 8a to the condensed consolidated financial statements.

The accompanying notes are an integral part of these condensed consolidated financial statements.

REWALK ROBOTICS LTD. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except share data)

	Ordinary Shares		Additional paid-in capital	Treasury Shares	Accumulated deficit	Total shareholders' equity
	Number (1)	Amount				
Balance as of December 31, 2022	8,584,313	4,489	279,857	(2,431)	(213,750)	68,165
Share-based compensation to employees and non-employees	-	-	304	-	-	304
Issuance of ordinary shares upon vesting of employees and non-employees RSUs	17,436	9	(9)	-	-	-
Treasury shares at cost	(104,336)	(53)	-	(576)	-	(629)
Net loss	-	-	-	-	(4,321)	(4,321)
Balance as of March 31, 2023	8,497,413	4,445	280,152	(3,007)	(218,071)	63,519
Balance as of December 31, 2023	8,587,140	4,487	281,109	(3,203)	(235,883)	46,510
Share-based compensation to employees and non-employees	-	-	381	-	-	381
Issuance of ordinary shares upon vesting of RSUs by employees and non-employees	14,704	7	(7)	-	-	-
Net loss	-	-	-	-	(6,276)	(6,276)
Balance as of March 31, 2024	8,601,844	4,494	281,483	(3,203)	(242,159)	40,615

(1) Reflects our one-for-seven reverse share split that became effective on March 15, 2024. See Note 8a to the condensed consolidated financial statements.

The accompanying notes are an integral part of these condensed consolidated financial statements.

REWALK ROBOTICS LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (In thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows used in operating activities:		
Net loss	\$ (6,276)	\$ (4,321)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	125	36
Amortization of intangible assets	831	-
Share-based compensation	381	304
Remeasurement of earnout liability	(4)	-
Interest income	(8)	-
Exchange rate fluctuations	15	11
Changes in assets and liabilities:		
Trade receivables, net	(371)	504
Prepaid expenses, operating lease right-of-use assets and other assets	(17)	(1,370)
Inventories	(274)	(119)
Trade payables	(791)	23
Employees and payroll accruals	(547)	(769)
Deferred revenues	(216)	61
Operating lease liabilities and other liabilities	(521)	407
Net cash used in operating activities	<u><u>\$ (7,673)</u></u>	<u><u>\$ (5,233)</u></u>
Cash flows used in investing activities:		
Purchase of property and equipment	-	-
Net cash used in investing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash flows from financing activities:		
Purchase of treasury shares	-	(771)
Net cash used in financing activities	<u><u>\$ -</u></u>	<u><u>\$ (771)</u></u>
Effect of Exchange rate changes on Cash, Cash Equivalents and Restricted Cash	(15)	(11)
Decrease in cash, cash equivalents, and restricted cash	(7,688)	(6,015)
Cash, cash equivalents, and restricted cash at beginning of period	28,792	68,555
Cash, cash equivalents, and restricted cash at end of period	<u><u>\$ 21,104</u></u>	<u><u>\$ 62,540</u></u>
Supplemental disclosures of non-cash flow information		
Classification of inventory to property and equipment	\$ 105	\$ -
ROU assets obtained from new lease liabilities	<u><u>\$ -</u></u>	<u><u>\$ 513</u></u>
Supplemental cash flow information:		
Cash and cash equivalents	\$ 20,744	\$ 61,883
Restricted cash included in other long-term assets	<u><u>\$ 360</u></u>	<u><u>\$ 657</u></u>
Total Cash, cash equivalents, and restricted cash	<u><u>\$ 21,104</u></u>	<u><u>\$ 62,540</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1: GENERAL

- a. ReWalk Robotics Ltd. ("RRL", and together with its subsidiaries, the "Company"), doing business as Lifeward, was incorporated under the laws of the State of Israel on June 20, 2001, and commenced operations on the same date. On January 29, 2024, the Company announced that it had rebranded as Lifeward and the subsidiaries of RRL were each renamed to reflect the new corporate identity.
- b. RRL has three wholly owned (directly and indirectly) subsidiaries: (i) Lifeward Inc. ("LI") originally incorporated under the laws of Delaware on February 15, 2012 under the name of ReWalk Robotics, Inc., (ii) Lifeward GMBH ("LG") originally incorporated under the laws of Germany on January 14, 2013 under the name of ReWalk Robotics GMBH, and (iii) Lifeward CA, Inc. ("LCAI") originally incorporated in Delaware on October 21, 2004 under the name of Gravus, Inc., which was later changed to AlterG, Inc. on June 30, 2005.
- c. The Company is a medical device company that designs, develops, and commercializes life-changing solutions that span the continuum of care in physical rehabilitation and recovery, delivering proven functional and health benefits in clinical settings as well as in the home and community. The Company's initial product offerings were the ReWalk Personal and ReWalk Rehabilitation Exoskeleton devices for individuals with spinal cord injury (collectively, the "SCI Products"). These devices are robotic exoskeletons that are designed for individuals with paraplegia that use the Company's patented tilt-sensor technology and an on-board computer and motion sensors to drive motorized legs that power movement. These SCI Products allow individuals with spinal cord injury the ability to stand and walk again during everyday activities at home or in the community.

The Company has sought to expand its product offerings beyond the SCI Products through internal development and distribution agreements. The Company has developed its ReStore Exo-Suit device, which it began commercializing in June 2019. The ReStore is a powered, lightweight soft exo-suit intended for use during the rehabilitation of individuals with lower limb disabilities due to stroke. During the second quarter of 2020, the Company signed an agreement to distribute product lines in the United States. The Company is the exclusive distributor of the MYOLYN MyoCycle FES Pro cycles to U.S. rehabilitation clinics and for the MyoCycle Home cycles available to US veterans through VA hospitals. We refer to the MyoCycle devices as our "Distributed Product."

On August 11, 2023, pursuant to an Agreement and Plan of Merger among LI, AlterG, Inc., Atlas Merger Sub, Inc., a wholly owned subsidiary of AlterG, Inc. ("Merger Sub"), and Shareholder Representative Services LLC, dated August 8, 2023, LI acquired AlterG, Inc. and AlterG, Inc. became a wholly owned subsidiary of the Company. With the rebranding of the Company, AlterG, Inc. was renamed as LCAI.

For accounting purposes, LI was considered the acquirer and AlterG, Inc. was considered the acquiree. The acquisition was accounted for using the acquisition method of accounting. See Note 5 for additional information.

The Company made its first acquisition to supplement its internal growth when it acquired AlterG, Inc., a leading provider of anti-gravity systems for use in physical and neurological rehabilitation. The Company paid a cash purchase price of approximately \$19 million at closing and additional cash earnouts may be paid based upon a percentage of AlterG's year-over-year revenue growth over the two years following the closing. The AlterG anti-gravity systems use patented, NASA-derived Differential Air Pressure ("DAP") technology to reduce the effects of gravity and allow people to rehabilitate with finely calibrated support and reduced pain. The Company will continue to evaluate other products for distribution or acquisition that can broaden its product offerings further to help individuals with neurological injury and disability.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Company markets and sells its products directly to institutions and individuals and through third-party distributors. The Company sells its products directly primarily in the United States, through a combination (depending on the product line) of direct sales and distributors in Germany, Canada, and Australia, and primarily through distributors in other markets. In its direct markets, the Company has established relationships with clinics and rehabilitation centers, professional and college sports teams, and individuals and organizations in the spinal cord injury community, and in its indirect markets, the Company's distributors maintain these relationships.

- d. As of March 31, 2024, the Company incurred a consolidated net loss of \$ 6.3 million and has an accumulated deficit in the total amount of \$ 242.2 million. The Company's cash and cash equivalents as of March 31, 2024 totaled \$ 20.7 million and the Company's negative operating cash flow for the three months ended March 31, 2024 was \$ 7.7 million. The Company has sufficient funds to support its operations for more than 12 months following the issuance date of its unaudited condensed consolidated financial statements for the three months ended March 31, 2024.

The Company expects to incur future net losses and its transition to profitability is dependent upon, among other things, the successful development and commercialization of its products and product candidates, the establishment of contracts for the distribution of new product lines, or the acquisition of additional product lines, any of which, or in combination, would contribute to the achievement of a level of revenues adequate to support its cost structure. Until the Company achieves profitability or generates positive cash flows, it will continue to need to raise additional cash. The Company intends to fund future operations through cash on hand, additional private and/or public offerings of debt or equity securities, cash exercises of outstanding warrants or a combination of the foregoing. In addition, the Company may seek additional capital through arrangements with strategic partners or from other sources and will continue to address its cost structure. Notwithstanding, there can be no assurance that the Company will be able to raise additional funds or achieve or sustain profitability or positive cash flows from operations.

NOTE 2: BASIS OF PRESENTATION AND SUMMARY OF ESTIMATES

Basis of Presentation and Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. In management's opinion, the accompanying financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. The Company's interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

These unaudited interim condensed consolidated financial statements and accompanying notes should be read in conjunction with the 2023 consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2023 (the "2023 Form 10-K"). There have been no changes in the significant accounting policies from those that were disclosed in the consolidated financial statements for the fiscal year ended December 31, 2023 included in the 2023 Form 10-K, unless otherwise stated.

Use of estimates

The preparation of the unaudited interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions. The Company's management believes that the estimates, judgments, and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Company's management evaluates estimates, including those related to inventories, assets acquired and liabilities assumed in business combinations, revenue recognition, deferred revenue, fair values of share-based awards, contingent liabilities, provision for warranty and allowance for credit losses. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

a. Business Combinations

The Company accounts for business combinations in accordance with ASC 805, "Business Combinations". For business combinations accounted for under the acquisition method, ASC 805 requires recognition of assets acquired, liabilities assumed, and any non-controlling interest at the acquisition date, measured at their fair values as of that date. The Company determines the recognition of intangible assets based on the following criteria: (i) the intangible asset arises from contractual or other rights; or (ii) the intangible asset is separable or divisible from the acquired entity and capable of being sold, transferred, licensed, returned or exchanged.

The excess of the fair value of the purchase price over the fair values of the identifiable assets and liabilities is recorded as goodwill. Determining the fair value of the identifiable assets and liabilities requires management to use significant judgment and estimates including the forecasted revenue and revenues growth rates, discount rates, customer contract renewal rates and customer attrition rates. The process of estimating the fair values requires significant estimates, especially with respect to intangible assets. Management's determination of fair value of assets acquired and liabilities assumed at the acquisition date is based on the best information available in the circumstances and incorporates management's own assumptions and involves a significant degree of judgment.

Acquisition-related costs include legal fees, consulting and success fees, and other non-recurring integration related costs. Acquisition-related costs are expensed as incurred.

b. Goodwill and Other Intangibles

For business combinations, the purchase prices are allocated to the tangible assets and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition dates, with the remaining unallocated purchase prices recorded as goodwill.

The Company has no indefinite-lived intangible assets other than goodwill. Acquired identifiable finite-lived intangible assets include identifiable acquired technology, customer relationships, trademarks and backlog and are amortized on a straight-line basis over the estimated useful lives of the assets. The Company routinely reviews the remaining estimated useful lives of finite-lived intangible assets.

Goodwill is not amortized and is tested for impairment at least annually.

The Company operates as one reporting unit and the fair value of the reporting unit is estimated using quoted market prices of the Company's stock in active markets. The Company tests goodwill for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable.

When testing goodwill for impairment, the Company may first perform a qualitative assessment. If the Company determines it is not more likely than not the reporting unit's fair value is less than its carrying value, then no further analysis is necessary. If the Company determines that it is more likely than not that the fair value of its reporting unit is less than its carrying amount, then the quantitative impairment test will be performed. The Company may elect to bypass the qualitative assessment and proceed directly to performing a quantitative analysis. Under the quantitative impairment test, if the carrying amount of the Company's reporting unit exceeds its fair value, the Company recognizes an impairment of goodwill for the amount of this excess.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As of March 31, 2024, no impairments of goodwill have been recognized.

The Company evaluates the recoverability of long-lived assets, including property and equipment and intangible assets subject to amortization for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. Such events and changes may include significant changes in performance relative to expected operating results, significant changes in asset use, significant negative industry or economic trends, and changes in the Company's business strategy. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. There were no impairment charges to long-lived assets during the periods presented.

c. Fair Value Measurements

Cash and cash equivalents, restricted cash, prepaid expenses and other assets, trade payables and accrued expenses and other liabilities, are stated at their carrying value which approximates their fair value due to the short time to the expected receipt or payment.

The following tables present information about the Company's financial assets and liabilities that are measured in fair value on a recurring basis as of March 31, 2024 and December 31, 2023 (in thousands):

Description	Fair Value Hierarchy	Fair value measurements as of	
		March 31, 2024	December 31, 2023
Financial assets:			
Money market funds included in cash and cash equivalent	Level 1	\$ 2,587	\$ 2,550
Treasury bills included in cash and cash equivalent	Level 1	2,582	2,525
Total Assets Measured at Fair Value		\$ 5,169	\$ 5,075
Financial Liabilities:			
Earnout	Level 3	\$ 3,288	\$ 3,292
Total liabilities measured at fair value		\$ 3,288	\$ 3,292

The Company classifies cash equivalents within Level 1, because the Company uses quoted market prices or alternative pricing sources and models utilizing market observable inputs to determine their fair values.

The earnout was valued using a Monte Carlo simulation analysis, which is considered to be a Level 3 fair value measurement.

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the earnout liability activity as of March 31, 2024 (in thousands):

	Earnout
Balance December 31, 2023	\$ 3,292
Change in fair value	(4)
Balance March 31, 2024	\$ 3,288

d. Revenue Recognition

The Company generates revenues from sales of products. The Company sells its products directly to end customers and through distributors. The Company sells its products to clinics and rehabilitation centers, professional and college sports teams, private individuals (who finance the purchases by themselves, through fundraising or reimbursement coverage from insurance companies), and distributors.

Disaggregation of Revenues (in thousands):

	Three Months Ended March 31,	
	2024	2023
Product	\$ 3,739	\$ 942
Rental	886	184
Service and warranty	658	104
Total Revenues	\$ 5,283	\$ 1,230

Product revenue

Revenue from Products sold to rehabilitation facilities and end users is recognized at a point in time once the customer has obtained the legal title to the items purchased.

For ReWalk and ReStore systems sold to rehabilitation facilities, the Company provides an immaterial level of training and considers the elements in the arrangement to be a single performance obligation. Therefore, the Company recognizes revenue for the system and training only after delivery in accordance with the agreement's delivery terms to the customer and after the training has been completed.

For sales of ReWalk systems to end users, the Company does not provide training to the end user as this training is provided separately by the rehabilitation center that the end user chooses to use. Similarly, for sales of ReWalk systems to third party distributors, the Company does not provide training to the distributor because the distributor would previously have completed the ReWalk Training program. Therefore, in both cases the Company recognizes revenue upon delivery.

The Company generally does not grant a right of return for its products. In rare circumstances the Company provides a right of return for its products. In those cases, the Company records reductions to revenue for expected future product returns based on the Company's historical experience and estimates.

The Company offered five products: (1) ReWalk Personal, (2) ReWalk Rehabilitation, (3) ReStore, (4) MyoCycle and (5) AlterG Anti-Gravity system.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ReWalk Personal and ReWalk Rehabilitation are SCI Products, which are currently designed for everyday use by paraplegic individuals at home and in their communities. SCI Products are custom fitted for each user, as well as for use by paraplegic patients in the clinical rehabilitation environment, where they provide individuals access to valuable exercise and therapy. ReWalk Rehabilitation is a ReWalk Personal product sold with multiple sizes of our adjustable parts to allow different users the ability to train within a clinic.

The AlterG Anti-Gravity systems are used in physical and neurological rehabilitation and athletic training, both domestically and internationally. This transformative technology uses patented, NASA-derived DAP technology to reduce the effects of gravity and allow people to move in new ways with finely calibrated support and reduced pain.

The ReStore is a powered, lightweight soft exo-suit intended for use in the rehabilitation of individuals with lower limb disability due to stroke in the clinical rehabilitation environment.

The Company also sells the MyoCycle, which uses Functional Electrical Stimulation ("FES") technology, in the United States for use at home or in clinic.

Rental revenue

Rental revenue for the AlterG Anti-Gravity systems is accounted for under ASC Topic 842, Leases. The Company rents its products to customers for a fixed monthly fee over the rental term, which typically ranges from 2 to 3 years. Rental revenues are recorded as earned on a monthly basis.

The Company also offers the SCI Products in a rent-to-purchase model in which the Company recognizes revenue ratably according to the agreed rental monthly fee for a limited period prior to selling its products.

Service and warranties

The Company services its products after expiration of the initial warranty. Service revenue, consisting of time and materials to perform the repairs, is recorded as services are rendered which corresponds with the period in which the related expenses are incurred.

Warranties are classified as either an assurance type or a service type warranty. A warranty is considered an assurance type warranty if it provides the customer with assurance that the product will function as intended for a limited period of time. An assurance type warranty is not accounted for as a separate performance obligation under the revenue model.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

In recent years, SCI Products have included a five-year warranty. The first two years are considered as an assurance type warranty and the additional period is considered an extended service arrangement, which is a service type warranty. A service type warranty is either sold with a unit or separately for a unit for which the warranty has expired. A service type warranty is accounted as a separate performance obligation and revenue is recognized ratably over the life of the warranty.

The ReStore device is sold with a two-year warranty which is considered as assurance type warranty.

The Distributed Product is sold with an assurance type warranty ranging from between one year to ten years, depending on the specific product and part.

For AlterG Anti-Gravity Products, the Company offers customers extended warranty contracts that extend or enhance the technical support, parts, and labor coverage offered as part of the base warranty included with the Anti-Gravity system products. Extended warranty revenue is recognized ratably over the extended warranty coverage period. The Company offers a one-year assurance type warranty to customers in the U.S. and two years assurance type warranty for spare parts only to its international distributors. For these products, the Company determines standalone selling price based on the price at which the performance obligation is sold separately.

Contract balances (in thousands):

	<u>March 31,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
Trade receivable, net of credit losses (1)	\$ 3,491	\$ 3,120
Deferred revenues (1) (2)	<u>\$ 2,794</u>	<u>\$ 3,010</u>

(1) Balance presented net of unrecognized revenues that were not yet collected.

(2) During the three months ended March 31, 2024, \$ 489 thousand of the December 31, 2023 deferred revenues balance was recognized as revenues.

Deferred revenue is composed primarily of unearned revenue related to service type warranty obligations, multi-year services contracts, as well as other advances and payments which the Company received from customers prior to satisfying the performance obligation, for which revenue has not yet been recognized.

The Company's unearned performance obligations as of March 31, 2024 and the estimated revenue expected to be recognized in the future related to the service type warranty amounts to \$2.9 million, which will be fulfilled over one to five years.

REWALK ROBOTICS LTD. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****e. Concentrations of Credit Risks:**

The below table reflects the concentration of credit risk for the Company's current customers as of March 31, 2024, to which substantial sales were made:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Customer A	40%	-

The allowance for credit losses is based on the Company's assessment of the collectability of accounts. The Company regularly assessed collectability based on a combination of factors, including an assessment of the current customer's aging balance, the nature and size of the customer, the financial condition of the customer, and future expected economic conditions. Trade receivables deemed uncollectable are charged against the allowance for credit losses when identified. As of March 31, 2024, and December 31, 2023, trade receivables are presented net of allowance for credit losses in the amount of \$ 306 thousand and \$ 328 thousand, respectively.

f. Warranty provision

For assurance-type warranty, the Company records a provision for the estimated cost to repair or replace products under warranty at the time of sale. Factors that affect the Company's warranty reserve include the number of units sold, historical and anticipated rates of warranty repairs and the cost per repair.

	<u>US Dollars</u> <u>in</u> <u>thousands</u>
Balance at December 31, 2023	\$ 348
Provision	246
Usage	(198)
Balance at March 31, 2024	<u><u>\$ 396</u></u>

g. Basic and diluted net loss per ordinary share:

Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential shares of ordinary shares and warrants outstanding would have been anti-dilutive.

For the three months ended March 31, 2024 and 2023, the total number of ordinary shares related to the outstanding warrants and share option plans aggregated to 2,739,227 and 2,780,693 , respectively, was excluded from the calculations of diluted loss per ordinary share since it would have an anti-dilutive effect.

h. New Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

- i. In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes - Improvements to Income Tax Disclosures" requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impact of the adoption of this standard.
- ii. In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280, "Segment Reporting" on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07.

NOTE 4: INVENTORIES

The components of inventories are as follows (in thousands):

	<u>March 31,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
Finished products	\$ 3,588	\$ 3,157
Raw materials	2,471	2,496
	<u><u>\$ 6,059</u></u>	<u><u>\$ 5,653</u></u>

NOTE 5: BUSINESS COMBINATION

On August 11, 2023, pursuant to an Agreement and Plan of Merger among LI, AlterG, Inc., Merger Sub, and Shareholder Representative Services LLC, LI, August 8, 2023, the Company acquired AlterG, Inc. and AlterG, Inc. became a wholly owned subsidiary of the Company. With the rebranding of the Company, AlterG, Inc. was renamed as LCAI. LCAI develops, manufactures, and markets anti-gravity systems for use in physical and neurological rehabilitation and athletic training, both in the United States and internationally. The aggregate purchase price was a total of approximately \$19 million in cash, subject to working capital and other customary purchase price adjustments. Additional cash earnouts (in an anticipated amount of approximately \$ 4.0 million in the aggregate) may be paid based upon a percentage of LCAI's year-over-year future revenue growth over the next two years subject to working capital and other customary purchase price adjustments.

The total consideration transferred is as follows (in thousands):

Cash	\$ 18,493
Earnout payments	\$ 3,607
Total consideration	<u><u>\$ 22,100</u></u>

Earnout payments

The Company will pay an amount of cash equal to 65% of the amount, if any, by which LCAI revenue attributable to the first 12 months period exceeds revenue target ("first earnout payment"), and an amount in cash equal to 65% of the amount, if any, by which LCAI revenue attributable to the following 12 months period exceeds the revenue from the first 12 month period ("second earnout payment"). At the date of acquisition, management estimated fair value of the earnout payment based on the actual up to date performance of the acquired entity and the probability of the earn out payment occurrence to be at approximately \$ 3.6 million. The earn-out was accounted for as a liability and will be remeasured at each reporting period through consolidated statement of operations.

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Company has accounted for the LCAI acquisition as a business combination. The Company has preliminarily allocated the purchase price of approximately \$ 22.1 million fair values, and the excess of the purchase price over the aggregate fair values is recorded as goodwill.

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the acquisition date (in thousands):

Cash and cash equivalent	\$ 478
Restricted cash	51
Accounts receivable	1,773
Inventory	3,330
Prepaid expenses and other current assets	470
Right of use asset	1,151
Property and equipment, net	827
Other non-current assets	30
Goodwill	7,538
Intangible assets	14,133
Accounts payable	(2,082)
Accrued compensation	(766)
Other accrued liabilities	(1,059)
Deferred revenue	(2,088)
Warranty Obligations	(535)
Leases Liability	(1,151)
Total purchase consideration	\$ 22,100

The following table presents the details of the intangible assets acquired at the date of LCAI acquisition (in thousands):

	Estimated Fair Value	Estimated Useful Life (Years)
Trademark	\$ 795	3
Technology	6,161	4
Customer relationship - Warranty	201	2
Customer relationship - Rental	2,102	4
Customer relationship - Distribution	4,578	5
Backlog	296	1

Under the purchase price allocation, the Company allocates the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on the estimates of their fair values. The fair values for the intangible assets acquired were primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement in the fair value hierarchy. Customer relationships, distributor relationships, backlog, trademark and developed technology were valued using the income approach, based on estimated projections of expected cash flows to be generated by the assets, discounted to the present value at discount rates commensurate with perceived risk. The discounted cash flow analyses factor in assumptions on revenue and expense growth rates including estimates of customer growth and attrition rates, distributor growth and attrition rates, technology obsolescence, and relief from royalty projections. Additionally, these discounted cash flow analyses factor in expected amounts of working capital, fixed assets, assembled workforce and cost of capital for each intangible asset.

REWALK ROBOTICS LTD. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****NOTE 6: GOODWILL AND OTHER INTANGIBLE ASSETS, NET**

The Company has \$ 7.5 million of goodwill related to its purchase of LCAI in the first quarter of fiscal year 2024, which has an indefinite life, and is not deductible for tax purposes.

As of March 31, 2024, the components of, and changes in, the carrying amount of intangible assets, net, were as follows (in thousands):

	Cost	Accumulated Amortization	Intangible Assets, Net
Trademark	795	(169)	626
Technology	6,161	(987)	5,174
Customer relationship - Warranty	201	(65)	136
Customer relationship - Rental	2,102	(337)	1,765
Customer relationship - Distribution	4,578	(585)	3,993
Backlog	296	(296)	-
Total Amortized Intangible Assets	14,133	(2,439)	11,694

The estimated amortization expense is shown below (in thousands):

Fiscal 2024 (period remaining)	\$ 2,516
Fiscal 2025	3,307
Fiscal 2026	3,143
Fiscal 2027	2,172
Fiscal 2028	556
Total	11,694

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES**a. Purchase commitments:**

The Company has contractual obligations to purchase goods from its contract manufacturer as well as raw materials from different vendors. Purchase obligations do not include contracts that may be canceled without penalty. As of March 31, 2024, non-cancelable outstanding obligations amounted to approximately \$ 7.5 million.

b. Operating lease commitment:

- (i) The Company operates from leased facilities in Israel, the United States and Germany. These leases expire in 2025. A portion of the Company's facilities leases is generally subject to annual changes in the Consumer Price Index (the "CPI"). The changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- (ii) RRL and LG lease cars for their employees under cancelable operating lease agreements expiring at various dates between 2024 and 2026. A subset of the Company's car leases is considered variable. The variable lease payments for such cars leases are based on actual mileage incurred at the stated contractual rate. RRL and LG have an option to be released from these agreements, which may result in penalties in a maximum amount of approximately \$ 29 thousand as of March 31, 2024.

The Company's future lease payments for its facilities and cars, which are presented as current maturities of operating leases and non-current operating leases liabilities on the Company's condensed consolidated balance sheets as of March 31, 2024 are as follows (in thousands):

2024	\$ 1,021
2025	672
2026	12
Total lease payments	1,705
Less: imputed interest	(106)
Present value of future lease payments	1,599
Less: current maturities of operating leases	(1,245)
Non-current operating leases	\$ 354
Weighted-average remaining lease term (in years)	1.38
Weighted-average discount rate	9.21%

Lease expense under the Company's operating leases was \$ 328 thousand and \$ 192 thousand for the three months ended March 31, 2024 and 2023 respectively.

c. Royalties

The Company's research and development efforts are financed, in part, through funding from the Israel Innovation Authority ("IIA"). Since the Company's inception through March 31, 2024, the Company received funding from the IIA in the total amount of \$ 2.6 million. Out of the \$ 2.6 million in funding from the IIA, a total amount of \$ 1.6 million were royalty-bearing grants, \$ 400 thousand was received in consideration of 209 convertible preferred A shares, which converted after the Company's initial public offering in September 2014 into ordinary shares in a conversion ratio of 1 to 1 , while \$ 634 thousand was received without future obligation. The Company is obligated to pay royalties to the IIA, amounting to 3 % of the sales of the products and other related revenues generated from such projects, up to 100 % of the grants received. The royalty payment obligations also bear interest at the LIBOR rate. The obligation to pay these royalties is contingent on actual sales of the applicable products and in the absence of such sales, no payment is required.

As of March 31, 2024, the Company paid royalties to the IIA in the total amount of \$ 114 thousand.

There were no royalty expenses for the three months ended March 31, 2024 and 2023 respectively.

As of March 31, 2024, the contingent liability to the IIA amounted to \$ 1.6 million. The Israeli Research and Development Law provides that know-how developed under an approved research and development program may not be transferred to third parties without the approval of the IIA. Such approval is not required for the sale or export of any products resulting from such research or development. The IIA, under special circumstances, may approve the transfer of IIA-funded know-how outside Israel, in the following cases:

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(a) the grant recipient pays to the IIA a portion of the sale price paid in consideration for such IIA-funded know-how or in consideration for the sale of the grant recipient itself, as the case may be, which portion will not exceed six times the amount of the grants received plus interest (or three times the amount of the grant received plus interest, in the event that the recipient of the know-how has committed to retain the R&D activities of the grant recipient in Israel after the transfer);

(b) the grant recipient receives know-how from a third party in exchange for its IIA-funded know-how; (c) such transfer of IIA-funded know-how arises in connection with certain types of cooperation in research and development activities; or (d) If such transfer of know-how arises in connection with a liquidation by reason of insolvency or receivership of the grant recipient.

In accordance with the License Agreement with Harvard, the Company is required to pay royalties on net sales. Refer to note 10 in our 2023 Form 10-K for details regarding the License Agreement.

LCAI earns royalties under a license agreement with a third party and are recognized as earned. Royalty revenues totaled \$ 23 thousand for the period ended March 31, 2024.

d. Liens:

As part of the Company's other long-term assets and restricted cash, an amount of \$ 360 thousand has been pledged as security in respect of a guarantee granted to a third party. Such deposit cannot be pledged to others or withdrawn without the consent of such third party.

e. Legal Claims:

Occasionally, the Company is involved in various claims such as product liability claims, lawsuits, regulatory examinations, investigations, and other legal matters arising, for the most part, in the ordinary course of business. The outcome of any pending or threatened litigation and other legal matters is inherently uncertain, and it is possible that resolution of any such matters could result in losses material to the Company's consolidated results of operations, liquidity, or financial condition. Except as otherwise disclosed herein, the Company is not currently party to any material litigation.

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 8: SHAREHOLDERS' EQUITY

a. Reverse share split:

At the Company's 2023 annual general meeting, the Company's shareholders approved (i) a reverse share split within a range of 1:2 to 1:12, to be effective at the ratio and on a date to be determined by the Board of Directors, and (ii) amendments to the Company's Articles of Association authorizing an increase in the Company's authorized share capital (and corresponding authorized number of ordinary shares, proportionally adjusting such number for the reverse share split) so that the maximum number of authorized ordinary shares would be 120 million. In accordance with the shareholder approval, in early March 2024 the Board of Directors of the Company approved a one-for-seven reverse share split of the Company's ordinary shares, reducing the number of the Company's issued and outstanding ordinary shares from approximately 60.1 million pre-split shares to approximately 8.6 million post-split shares. The Company's ordinary shares began trading on a split-adjusted basis on March 15, 2024. Additionally, effective at the same time, the total authorized number of ordinary shares of the Company was adjusted to 25 million post-split shares, the par value per share of the ordinary shares changed to NIS 1.75 and the authorized share capital of the Company changed from NIS 30,000,000 to NIS 43,750,000. All share and per share data included in these condensed consolidated financial statements give retroactive effect to the reverse share split for all periods presented.

Upon the effectiveness of the reverse share split, every seven shares were automatically combined and converted into one ordinary share. Appropriate adjustments were also made to all outstanding derivative securities of the Company, including all outstanding equity awards and warrants.

No fractional shares were issued in connection with the reverse share split. Instead, all fractional shares (including shares underlying outstanding equity awards and warrants) were rounded down to the nearest whole number.

b. Share option plans:

As of March 31, 2024, and December 31, 2023, the Company had reserved 145,560 ordinary shares, respectively, for issuance to the Company's and its affiliates' respective employees, directors, officers, and consultants pursuant to equity awards granted under the Company's 2014 Incentive Compensation Plan (the "2014 Plan").

Options to purchase ordinary shares generally vest over four years, with certain options to non-employee directors vesting quarterly over one year. Any option that is forfeited or canceled before expiration becomes available for future grants under the 2014 Plan.

There were no options granted during the three months ended March 31, 2024 and 2023.

The fair value of RSUs granted is determined based on the price of the Company's ordinary shares on the date of grant. A summary of employee share options activity during the three months ended March 31, 2024 is as follows:

	Number	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value (in thousands)
Options outstanding as of December 31, 2023	4,723	\$ 259.73	4.39	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Options outstanding as of March 31, 2024	4,723	\$ 259.73	4.14	\$ -
Options exercisable as of March 31, 2024	4,723	\$ 259.73	4.14	\$ -

The aggregate intrinsic value in the table above represents the total intrinsic value that would have been received by the option holders had all option holders that hold options with positive intrinsic value exercised their options on the last date of the exercise period. No options were exercised during the months ended March 31, 2024 and 2023.

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A summary of employees and non-employees RSUs activity during the three months ended March 31, 2024 is as follows:

	Number of shares underlying outstanding RSUs	Weighted-average grant date fair value
Unvested RSUs as of December 31, 2023	538,885	\$ 6.07
Granted	-	-
Vested	(14,704)	6.03
Forfeited	-	-
Unvested RSUs as of March 31, 2024	524,181	\$ 6.07

The weighted average grant date fair value of RSUs granted during the three months ended March 31, 2023, was \$ 5.6 . There were no RSUs granted during the three months ended March 31, 2024.

As of March 31, 2024, there were \$ 2.3 million of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Company's 2014 Plan. This cost is expected to be recognized over a period of approximately 2.7 years.

The number of options and RSUs outstanding as of March 31, 2024 is set forth below, with options separated by range of exercise price.

Range of exercise price	Options and RSUs outstanding as of March 31, 2024	Weighted average remaining contractual life (years) (1)	Options outstanding and exercisable as of March 31, 2024	Weighted average remaining contractual life (years) (1)
RSUs only	524,181	-	-	-
\$ 37.6	1,774	4.99	1,774	4.99
\$ 178.5 - \$ 236.3	1,845	4.10	1,845	4.10
\$ 350 - \$ 367.5	887	3.21	887	3.21
\$ 1,277.5 - \$ 3,634.8	217	1.39	217	1.39
	528,904	4.14	4,723	4.14

(1) Calculation of weighted average remaining contractual term does not include the RSUs that were granted, which have an indefinite contractual term.

c. Share-based awards to non-employee consultants:

As of March 31, 2024, there are 782 outstanding RSUs held by non-employee consultants.

d. Treasury shares:

On June 2, 2022, the Company's Board of Directors approved a share repurchase program to repurchase up to \$ 8.0 million of its Ordinary Shares, par value NIS

0.25 per share. On July 21, 2022, the Company received approval from an Israeli court for the share repurchase program. The program was scheduled to expire on the earlier of January 20, 2023, or reaching \$ 8.0 million of repurchases. On December 22, 2022, the Company's Board of Directors approved an extension of the repurchase program, with such extension to be in the aggregate amount of up to \$ 5.8 million. The extension was approved by an Israeli court on February 9, 2023, and it expired on August 9, 2023.

As of March 31, 2024, pursuant to the Company's share repurchase program, the Company had repurchased a total of 574,658 of its outstanding ordinary shares at a total cost of \$ 3.5 million.

e. Warrants to purchase ordinary shares:

The following table summarizes information about warrants outstanding and exercisable that were classified as equity as of March 31, 2024:

Issuance date	Warrants outstanding (number)	Exercise price per warrant	Warrants outstanding and exercisable (number)	Contractual term
December 31, 2015 (1)	681	\$ 52.50	681	See footnote (1)
December 28, 2016 (2)	272	\$ 52.50	272	See footnote (1)
April 5, 2019 (3)	58,350	\$ 35.98	58,350	October 7, 2024
April 5, 2019 (4)	7,001	\$ 45.52	7,001	April 3, 2024
June 5, 2019, and June 6, 2019 (5)	209,235	\$ 52.50	209,235	June 5, 2024
June 5, 2019 (6)	12,552	\$ 65.63	12,552	June 5, 2024
June 12, 2019 (7)	59,523	\$ 42.00	59,523	December 12, 2024
June 10, 2019 (8)	7,142	\$ 52.50	7,142	June 10, 2024
February 10, 2020 (9)	4,054	\$ 8.75	4,054	February 10, 2025
February 10, 2020 (10)	15,120	\$ 10.94	15,120	February 10, 2025
July 6, 2020 (11)	64,099	\$ 12.32	64,099	January 2, 2026
July 6, 2020 (12)	42,326	\$ 15.95	42,326	January 2, 2026
December 8, 2020 (13)	83,821	\$ 9.38	83,821	June 8, 2026
December 8, 2020 (14)	15,543	\$ 12.55	15,543	June 8, 2026
February 26, 2021 (15)	780,095	\$ 25.20	780,095	August 26, 2026
February 26, 2021 (16)	93,612	\$ 32.05	93,612	August 26, 2026
September 29, 2021 (17)	1,143,821	\$ 14.00	1,143,821	March 29, 2027
September 29, 2021 (18)	137,257	\$ 17.81	137,257	September 27, 2026
	<u>2,734,504</u>		<u>2,734,504</u>	

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- (1) Represents warrants for ordinary shares issuable upon an exercise price of \$ 52.50 per share, which were granted on December 31, 2015 to Kreos Capital V (Expert) Fund Limited ("Kreos") in connection with a loan made by Kreos to the Company and are currently exercisable (in whole or in part) until the earlier of (i) December 30, 2025 or (ii) immediately prior to the consummation of a merger, consolidation, or reorganization of the Company with or into, or the sale or license of all or substantially all the assets or shares of the Company to, any other entity or person, other than a wholly owned subsidiary of the Company, excluding any transaction in which the Company's shareholders prior to the transaction will hold more than 50% of the voting and economic rights of the surviving entity after the transaction. None of these warrants had been exercised as of March 31, 2024.
- (2) Represents common warrants that were issued as part of the \$ 8.0 million drawdown under the Loan Agreement which occurred on December 28, 2016. See footnote 1 for exercisability terms.
- (3) Represents warrants that were issued to certain institutional purchasers in a private placement in the Company's registered direct offering of ordinary shares in April 2019.
- (4) Represents warrants that were issued to the placement agent as compensation for its role in the Company's April 2019 registered direct offering.
- (5) Represents warrants that were issued to certain institutional investors in a warrant exercise agreement on June 5, 2019, and June 6, 2019, respectively.
- (6) Represents warrants that were issued to the placement agent as compensation for its role in the Company's June 2019 warrant exercise agreement and concurrent private placement of warrants.
- (7) Represents warrants that were issued to certain institutional investors in a warrant exercise agreement in June 2019.
- (8) Represents warrants that were issued to the placement agent as compensation for its role in the Company's June 2019 registered direct offering and concurrent private placement of warrants.
- (9) Represents warrants that were issued to certain institutional purchasers in a private placement in the Company's best efforts offering of ordinary shares in February 2020. As of March 31, 2024, 534,300 warrants were exercised for total consideration of \$ 4,675,125 . During the three months that ended March 31, 2024, no warrants were exercised.
- (10) Represents warrants that were issued to the placement agent as compensation for its role in the Company's February 2020 best efforts offering. As of March 31, 2024, 32,880 warrants were exercised for total consideration of \$ 359,625 . During the three months that ended March 31, 2024, no warrants were exercised.

REWALK ROBOTICS LTD. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

- (11) Represents warrants that were issued to certain institutional purchasers in a private placement in our registered direct offering of ordinary shares in July 2020. As of March 31, 2024, 288,634 warrants were exercised for total consideration of \$ 3,556,976 . During the three months that ended March 31, 2024, no warrants were exercised.
- (12) Represents warrants that were issued to the placement agent as compensation for its role in the Company's July 2020 registered direct offering.
- (13) Represents warrants that were issued to certain institutional purchasers in a private placement in our private placement offering of ordinary shares in December 2020. As of March 31, 2024, 514,010 warrants were exercised for total consideration of \$ 4,821,416 . During the three months that ended March 31, 2024, no warrants were exercised.
- (14) Represents warrants that were issued to the placement agent as compensation for its role in the Company's December 2020 private placement. As of March 31, 2024, 32,283 warrants were exercised for total consideration of \$ 405,003 . During the three months that ended March 31, 2024, no warrants were exercised.
- (15) Represents warrants that were issued to certain institutional purchasers in a private placement in our private placement offering of ordinary shares in February 2021.
- (16) Represents warrants that were issued to the placement agent as compensation for its role in the Company's February 2021 private placement.
- (17) Represents warrants that were issued to certain institutional purchasers in a private placement in our registered direct offering of ordinary shares in September 2021.
- (18) Represents warrants that were issued to the placement agent as compensation for its role in the Company's September 2021 registered direct offering.

f. Share-based compensation expense for employees and non-employees:

The Company recognized non-cash share-based compensation expense for both employees and non-employees in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of revenues	\$ 4	\$ (2)
Research and development, net	46	32
Sales and marketing	111	81
General and administrative	220	193
Total	\$ 381	\$ 304

REWALK ROBOTICS LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 9: FINANCIAL INCOME, NET

The components of financial (expenses) income, net were as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Interest income	\$ 288	\$ 73
Foreign currency transactions and other	(23)	13
Bank commissions	(33)	(8)
	\$ 232	\$ 78

NOTE 10: GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER AND PRODUCT DATA

Summary information about geographic areas:

ASC 280, "Segment Reporting" establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company manages its business on the basis of one reportable segment and derives revenues from selling systems and services. The following is a summary of revenues within geographic areas (in thousands):

	Three Months Ended March 31,	
	2024	2023
Revenues based on customer's location:		
United States	\$ 3,747	\$ 877
Europe	1,169	324
Asia-Pacific	180	28
Rest of the world	187	1
Total revenues	\$ 5,283	\$ 1,230
	March 31, December 31,	
	2024	2023
Long-lived assets by geographic region (*):		
Israel	\$ 437	\$ 529
United States	2,172	2,404
Germany	159	190
	\$ 2,768	\$ 3,123

(*) Long-lived assets are comprised of property and equipment, net, and operating lease right-of-use assets.

	Three Months Ended March 31,	
	2024	2023
Major customer data as a percentage of total revenues:		
Customer A	26%	-
Customer B	*)	23%
Customer C	*)	10%
Customer D	-	10%
Customer E	-	10%

*) Less than 10%.

NOTE 11: SUBSEQUENT EVENTS

On April 11, 2024, CMS approved a final payment level of \$ 91,032 for Medicare reimbursement of the ReWalk Personal Exoskeleton, which took effect on April 1, 2024.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes included elsewhere in this quarterly report and with our audited consolidated financial statements included in our Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission ("SEC") on February 27, 2024 and amended on April 29, 2024 (the "2023 Form 10-K"). In addition to historical condensed financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. For a discussion of factors that could cause or contribute to these differences, see "Special Note Regarding Forward-Looking Statements" above.

Overview

We are a medical device company that designs, develops, and commercializes life-changing solutions that span the continuum of care in physical rehabilitation and recovery, delivering proven functional and health benefits in clinical settings as well as in the home and community. Our initial product offerings were the ReWalk Personal and ReWalk Rehabilitation Exoskeleton devices for individuals with spinal cord injury ("SCI Products"). These devices are robotic exoskeletons that are designed for individuals with paraplegia that use our patented tilt-sensor technology and an onboard computer and motion sensors to drive motorized legs that power movement. These SCI Products allow individuals with spinal cord injury ("SCI") the ability to stand and walk again during everyday activities at home or in the community. In March 2023, we received 510(k) clearance from the U.S. Food and Drug Administration ("FDA") for the ReWalk Personal Exoskeleton with stair and curb functionality which adds usage on stairs and curbs to the indication for use for the device in the U.S. The clearance permits U.S. customers to participate in more walking activities in real-world environments in their daily lives where stairs or curbs may have previously limited them when using the exoskeleton for its intended, FDA indicated uses. This feature has been available in Europe since initial CE Clearance, and real-world data from a cohort of 47 European users throughout a period of over seven years and consisting of over 18,000 stair steps was collected to demonstrate the safety and efficacy of this feature and support the FDA submission.

We have sought to expand our product offerings beyond the SCI Products through internal development and distribution agreements. We have developed our ReStore Exo-Suit device, which we began commercializing in June 2019. The ReStore is a powered, lightweight soft exo-suit intended for use during the rehabilitation of individuals with lower limb disabilities due to stroke. During the second quarter of 2020, we finalized and moved to implement two separate agreements to distribute additional product lines in the United States. We are the exclusive distributor of the MYOLYN MyoCycle FES Pro cycles to U.S. rehabilitation clinics and for the MyoCycle Home cycles available to US veterans through the Veterans Health Administration ("VHA") hospitals.

On August 11, 2023, we made our first acquisition to supplement our internal growth when we acquired AlterG, a leading provider of anti-gravity system for use in physical and neurological rehabilitation. We paid a cash purchase price of approximately \$19 million at closing and additional cash earnouts (in an anticipated amount of approximately \$4 million in the aggregate) may be paid based upon a percentage of AlterG's year-over-year revenue growth over the two years following the closing. The AlterG anti-gravity systems use patented, National Aeronautics and Space Administration-derived Differential Air Pressure ("DAP") technology to reduce the effects of gravity and allow people to rehabilitate with finely calibrated support and reduced pain. AlterG anti-gravity systems are utilized in over 4,000 facilities globally in more than 40 countries. We will continue to evaluate other products for distribution or acquisition that can broaden our product offerings further to help individuals with neurological injury and disability.

We are in the research stage of ReBoot, a personal soft exo-suit for home and community use by individuals post-stroke, and we are currently evaluating the reimbursement landscape and the potential clinical impact of this device. This product would be a complementary product to ReStore as it provides active assistance to the ankle during plantar flexion and dorsiflexion for gait and mobility improvement in the home environment, and it received Breakthrough Device Designation from the FDA in November 2021. Further investment in the development path of the ReBoot has been temporarily paused in 2023 pending further determination about the clinical and commercial opportunity of this device.

Our principal markets are primarily in the United States and Europe with some lesser sales to Asia, the Middle East and South America. We sell our products primarily directly in the United States, through a combination (depending on the product line) of direct sales and distributors in Germany, Canada, and Australia, and primarily through distributors in other markets. In our direct markets, we have established relationships with clinics and rehabilitation centers, professional and college sports teams, and individuals and organizations in the spinal cord injury community, and in markets where we do not sell direct to customers, our distributors maintain these relationships. We have offices in Marlborough, Massachusetts, Berlin, Germany, Yokneam, Israel and Fremont, California from where we operate our business.

We have in the past generated and expect to generate in the future revenue from a combination of clinics and rehabilitation centers, commercial distributors, third-party payors (including private commercial and government payors), professional and college sports teams, and self-pay individuals. While a broad uniform policy of coverage and reimbursement by third-party commercial payors currently does not exist in the United States for exoskeleton technologies such as the ReWalk Personal Exoskeleton, we are pursuing various paths for coverage and reimbursement and support fundraising efforts by institutions and clinics, such as the VHA policy that was issued in December 2015 for the evaluation, training, and procurement of ReWalk Personal Exoskeleton systems for all qualifying veterans suffering from SCI across the United States.

We have also been pursuing updates with the Centers for Medicare and Medicaid Services ("CMS"), to clarify the Medicare coverage category (i.e., benefit category) applicable for personal exoskeletons. In 2022, the National Spinal Cord Injury Statistical Center ("NSCISC") reported that Medicare and Medicaid are the primary payors for approximately 57% of the SCI population which are at least five years post their injury date, with Medicare representing a majority of this percentage. In July 2020, following a successful submission and hearing process, a Healthcare Common Procedure Coding System ("HCPCS") code K1007 was issued (effective October 1, 2020) for lower-limb exoskeletons, including the ReWalk Personal Exoskeleton, which may be used for purposes of claim submission to Medicare, Medicaid, and other payors.

On November 1, 2023, CMS released the Calendar Year 2024 Home Health Prospective Payment System Final Rule, CMS-1780-F ("Final Rule"), which was adopted through the notice and comment rulemaking process. The Final Rule, which went into effect on January 1, 2024, includes a policy confirming that personal exoskeletons will be included in the Medicare brace benefit category. Medicare personal exoskeleton claims with dates of service on or after January 1, 2024 that are billed using HCPCS code K1007 will be assigned to the brace benefit category. CMS reimburses items classified under the brace benefit category using a lump sum payment methodology.

On April 11, 2024, CMS revised its April 2024 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies ("DMEPOS") Fee Schedule to include a final lump-sum Medicare purchase fee schedule amount for personal exoskeletons (HCPCS code K1007) with an established rate of \$91,032. The final payment determination was made by CMS by applying a "gap filling" process, which was used in light of CMS determining that the code describing the technology has no fee schedule pricing history and that lower extremity exoskeletons incorporate "revolutionary features" that cannot be described by or considered comparable to any other existing code or combination of codes. As part of gap-filling, CMS utilizes verifiable supplier or commercial pricing information and adjusts this pricing information according to a deflation and update factor methodology. In applying this formula to the K1007 code describing the ReWalk Personal Exoskeleton, CMS says that it calculated this final payment amount by averaging pricing information for exoskeleton devices from Lifeward and other manufacturers.

In Germany, we continue to make progress toward achieving coverage from the various government, private and worker's compensation payors for our SCI Products. In September 2017, each of German insurer BARMER GEK ("BARMER") and national social accident insurance provider Deutsche Gesetzliche Unfallversicherung ("DGUV"), indicated that they will provide coverage to users who meet certain inclusion and exclusion criteria. In February 2018, the head office of German Statutory Health Insurance ("SHI") Spitzenverband ("GKV") confirmed their decision to list the ReWalk Personal Exoskeleton system in the German Medical Device Directory. This decision means that ReWalk is listed among all medical devices for compensation, which SHI providers can procure for any approved beneficiary on a case-by-case basis. During the year 2020 and 2021, we announced several new agreements with German SHIs, including TK and DAK Gesundheit, as well as the first German Private Health Insurer ("PHI"), which outline the process of obtaining our devices for eligible insured patients. We are also currently working with several additional SHIs on securing a formal operating contract that will establish the process of obtaining a ReWalk Personal Exoskeleton for their beneficiaries within their system. Additionally, to date, several private insurers in the United States and Europe are providing reimbursement for ReWalk in certain cases.

First Quarter 2024 Business Highlights

- Q1'24 revenue of \$5.3M is up 340% vs. Q1'23 and at the midpoint of Lifeward's guidance range;
- The Centers for Medicare & Medicaid Services ("CMS") finalized the 2024 Home Health Rule which includes exoskeletons in the Medicare brace benefit category, reimbursed by Medicare on a lump-sum basis. The Home Health Rule went into effect on January 1, 2024;
- CMS revised its April 2024 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies ("DMEPOS") Fee Schedule to include a final lump-sum Medicare payment rate for personal exoskeletons;
- The MACs have begun approving previously submitted Lifeward claims for payment .

Results of Operations for the Three Ended March 31, 2024 and March 31, 2023

Our operating results for the three months ended March 31, 2024, as compared to the same period in 2023, are presented below. The results set forth below are not necessarily indicative of the results to be expected in future periods (in thousands):

	Three Months Ended March 31,	
	2024	2023
Revenues	\$ 5,283	\$ 1,230
Cost of revenues	<u>3,888</u>	<u>659</u>
Gross profit	<u>1,395</u>	<u>571</u>
Operating expenses:		
Research and development, net	1,291	752
Sales and marketing	5,014	2,484
General and administrative	<u>1,592</u>	<u>1,710</u>
Total operating expenses	<u>7,897</u>	<u>4,946</u>
Operating loss	(6,502)	(4,375)
Financial income, net	<u>232</u>	<u>78</u>
Loss before income taxes	(6,270)	(4,297)
Taxes on income	<u>6</u>	<u>24</u>
Net loss	<u>\$ (6,276)</u>	<u>\$ (4,321)</u>
Net loss per ordinary share, basic and diluted	<u>\$ (0.73)</u>	<u>\$ (0.51)</u>
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted	<u>8,590,088</u>	<u>8,502,217</u>

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Revenue

Our revenue for the three months ended March 31, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31,	
	(in thousands)	
	2024	2023
Revenues	\$ 5,283	\$ 1,230

Revenues consist of SCI Products, AlterG anti-gravity systems, ReStore and the Distributed Product.

Revenues increased by \$4.1 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, due to the revenue contribution of AlterG following the acquisition which was \$2.8 million, combined with a higher sales volume of ReWalk Personal primarily from the expansion of access through Medicare coverage.

In the future, we expect our growth to be driven by sales of our ReWalk Personal device through expansion of coverage and reimbursement by commercial and government third-party payors, as well as sales of AlterG anti-gravity systems and the Distributed Product.

Gross Profit

Our gross profit for the three months ended March 31, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31,	
	(in thousands)	
	2024	2023
Gross profit	\$ 1,395	\$ 571

Gross profit was 26.4% of revenue for the three months ended March 31, 2024 compared to 46.4% for the three months ended March 31, 2023. Gross profit for the three months ended March 31, 2024 included \$0.4 million for amortization of intangible assets. Excluding the impact of the amortization of intangible assets, gross profit as a percentage of revenue was 33.7% for the three months ended March 31, 2024, down 12.8 percentage points from the three months ended March 31, 2023. This decline was a result of a low volume of AlterG product sales, which resulted in adverse absorption of production and overhead costs, combined with an adverse mix of ReWalk systems sold.

We expect gross profit and gross margin will increase in the future as we increase our revenue volumes and realize operating efficiencies associated with greater scale which will reduce the cost of revenue as a percentage of revenue. Improvements may be partially offset by increased material costs and costs of service.

Research and Development Expenses, net

Our research and development expenses, net, for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three Months Ended March 31, (in thousands)	
	2024	2023
Research and development expenses, net	\$ 1,291	\$ 752

Research and development expenses increased by \$0.5 million, or 71.7%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase is primarily attributable to higher investments associated with new product development projects.

We intend to focus our research and development resources primarily on our current product support, as well as to advance the FDA submission for clearance of the ReWalk 7 next-generation exoskeleton model. We also have ongoing product development activity for our AlterG Anti-Gravity systems, including a program to develop a new entry level model of AlterG system designed to address the priorities of smaller independent clinics which is a segment of the market that we believe has potential for greater penetration.

Sales and Marketing Expenses

Our sales and marketing expenses for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three Months Ended March 31, (in thousands)	
	2024	2023
Sales and marketing expenses	\$ 5,014	\$ 2,484

Sales and marketing expenses increased by \$2.5 million, or 101.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Sales and marketing expenses for the three months ended March 31, 2024 included \$0.4 million of amortization of intangible assets from the acquisition of AlterG. The increase was primarily driven by higher payroll costs stemming from the increase in headcount. Additionally, commission expenses escalated due to the growth in revenues and expanded commercial team. Moreover, there was an uptick in marketing expenses owing to rebranding efforts and sales events.

In the near term our sales and marketing expense are expected to be driven by our efforts to expand the reimbursement coverage of our ReWalk Personal Exoskeleton device, to integrate and unify the combined sales and marketing resources of the ReWalk and AlterG organizations, and to support our current commercial product activities.

General and Administrative Expenses

Our general and administrative expenses for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three Months Ended March 31, (in thousands)	
	2024	2023
General and administrative	\$ 1,592	\$ 1,710

General and administrative expenses declined by \$0.1 million, or 6.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This decrease resulted from \$0.5 million of other income related to the post closing statement for the acquisition of AlterG, partially offset by higher payroll costs stemming from the increase in headcount, consulting fees for IT projects, and \$0.1 million for the amortization of intangible assets from the acquisition of AlterG.

Financial Income, Net

Our financial income, net, for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three Months Ended March 31, (in thousands)	
	2024	2023
Financial income, net	\$ 232	\$ 78

Financial income, net, increased by \$0.2 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This increase was primarily due to a change in cash management practices to move cash balances to accounts that pay a higher interest rate and yield greater interest income, as well as exchange rate fluctuations.

Income Taxes

Our income tax for the three months ended March 31, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31, (in thousands)	
	2024	2023
Taxes on income	\$ 6	\$ 24

Income taxes decreased by \$18 thousand, or 75%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, mainly due to the utilization of net operation losses forward arising from the acquisition of AlterG.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our condensed financial statements requires us to make estimates, judgments and assumptions that can affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates, judgments, and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known. Besides the estimates identified above that are considered critical, we make many other accounting estimates in preparing our condensed financial statements and related disclosures. See Note 2 to our audited consolidated financial statements included in our 2023 Form 10-K for a description of the significant accounting policies that we used to prepare our consolidated financial statements.

There have been no material changes to our critical accounting policies or our critical judgments from the information provided in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" of our 2023 Form 10-K, except for the updates provided in Note 3 of our unaudited condensed consolidated financial statements set forth in "Part I, Item 1. Financial Statements" of this quarterly report.

Recent Accounting Pronouncements

See Note 3 to our unaudited condensed financial statements set forth in "Part I, Item 1. Financial Statements" of this quarterly report for information regarding new accounting pronouncements.

Liquidity and Capital Resources

Sources of Liquidity and Outlook

Since inception, we have funded our operations primarily through the sale of certain of our equity securities and convertible notes to investors in private placements, the sale of our ordinary shares in public offerings and the incurrence of bank debt.

During the three months ended March 31, 2024, we incurred a consolidated net loss of \$6.3 million and have an accumulated deficit in the total amount of \$242.2 million. Our cash and cash equivalents as of March 31, 2024, totaled \$20.7 million and our negative operating cash flow for the three months ended March 31, 2024, was \$7.7 million. We have sufficient funds to support our operations for more than 12 months following the issuance date of our condensed consolidated unaudited financial statements for the three months ended March 31, 2024.

We expect to incur future net losses and our transition to profitability is dependent upon, among other things, the successful development and commercialization of our products and product candidates, the establishment of contracts for the distribution of new product lines, or the acquisition of additional product lines, any of which, or in combination, would contribute to the achievement of a level of revenues adequate to support our cost structure. Until we achieve profitability or generate positive cash flows, we will continue to need to raise additional cash from time to time.

We intend to fund future operations through cash on hand, additional private and/or public offerings of debt or equity securities, cash exercises of outstanding warrants or a combination of the foregoing. In addition, we may seek additional capital through arrangements with strategic partners or from other sources and we will continue to address our cost structure. Notwithstanding, there can be no assurance that we will be able to raise additional funds or achieve or sustain profitability or positive cash flows from operations.

Our anticipated primary uses of cash are (i) sales, marketing and reimbursement expenses related to market development activities for our ReWalk Personal device and AlterG anti-gravity system, broadening third-party payor and CMS coverage for our ReWalk Personal device and commercializing our new product lines added through distribution agreements; (ii) development of future generation designs for our spinal cord injury device, new AlterG products utilizing DAP technology, and our lightweight exo-suit technology for potential home personal health utilization for multiple indications; (iii) routine product updates; (iv) potential acquisitions of businesses, such as our recent acquisition of AlterG.; and (v) general corporate purposes, including working capital needs. Our future cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending on research and development efforts, the attractiveness of potential acquisition candidates, and international expansion. If our current estimates of revenue, expenses or capital or liquidity requirements change or are inaccurate, we may seek to sell additional equity or debt securities or arrange for bank debt financing. There can be no assurance that we will be able to raise such funds at all or on acceptable terms.

Equity Raises

Use of Form S-3

Beginning with the filing of our Form 10-K on February 17, 2017, we were subject to limitations under the applicable rules of Form S-3, which constrained our ability to secure capital with respect to public offerings pursuant to our effective Form S-3. These rules limit the size of primary securities offerings conducted by issuers with a public float of less than \$75 million to no more than one-third of their public float in any 12-month period. At the time of filing our 2023 Form 10-K, on February 27, 2024, we were subject to these limitations because our public float did not reach at least \$75 million in the 60 days preceding the filing of our 2023 Form 10-K. We will continue to be subject to these limitations for the remainder of the 2024 fiscal year and until the earlier of such time as our public float reaches at least \$75 million or when we file our next annual report for the year ended December 31, 2024, at which time we will be required to re-test our status under these rules. If our public float is below \$75 million as of the filing of our next annual report on Form 10-K, or at the time we file a new Form S-3, we will continue to be subject to these limitations, until the date that our public float again reaches \$75 million. These limitations do not apply to secondary offerings for the resale of our ordinary shares or other securities by selling shareholders or to the issuance of ordinary shares upon conversion by holders of convertible securities, such as warrants. We have registered up to \$100 million of ordinary shares warrants and/or debt securities and certain other outstanding securities with registration rights on our registration statement on Form S-3, which was declared effective by the SEC in May 2022.

Share Repurchase Program

On June 2, 2022, our board of directors approved a share repurchase program to repurchase up to \$8.0 million of our ordinary shares. On July 21, 2022, we received approval from an Israeli court for the share repurchase program. The program was scheduled to expire on the earlier of January 20, 2023, or reaching \$8.0 million of repurchases. On December 22, 2022, our board of directors approved an extension of the repurchase program, with such extension to be in the aggregate amount of up to \$5.8 million. The extension was approved by an Israeli court on February 9, 2023, and it expired on August 9, 2023.

As of March 31, 2024, pursuant to the share repurchase program, we had repurchased a total of 574,658 of our outstanding ordinary shares at a total cost of \$3.5 million.

Cash Flows for the Three Months Ended March 31, 2024 and March 31, 2023 (in thousands):

	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (7,673)	\$ (5,233)
Net cash used in investing activities	—	—
Net cash used in financing activities	—	(771)
Effect of Exchange rate changes on Cash, Cash Equivalents and Restricted Cash	(15)	(11)
Net cash flow	<u>\$ (7,688)</u>	<u>\$ (6,015)</u>

Net cash used in operating activities increased by \$2.4 million, or 46.7%, for the three months ended March 31, 2024 primarily due to the unfavourable gross margin compared to that of the prior year's quarter and the timing of working capital utilization.

Net Cash used in Financing Activities

Net cash used in financing activities decreased by \$0.8 million, or 100%, for the three months ended March 31, 2024. The decrease is due to the repurchase of our ordinary shares under our repurchase program, which expired on August 9, 2023.

Obligations and Contractual Commitments

Set forth below is a summary of our contractual obligations as of March 31, 2024.

Contractual obligations	Payments due by period (in dollars, in thousands)		
	Total	Less than 1 year	1-3 years
Purchase obligations (1)	\$ 7,457	\$ 7,457	\$ —
Collaboration Agreement and License Agreement obligations (2)	34	34	—
Operating lease obligations (3)	1,705	1,307	398
Earnout liability (4)	3,288	579	2,709
Total	\$ 12,484	\$ 9,377	\$ 3,107

(1) We depend on one contract manufacturer, Sanmina Corporation, for both the SCI products and the ReStore Products. We place our manufacturing orders with Sanmina pursuant to purchase orders or by providing forecasts for future requirements. The AlterG Anti-Gravity systems are produced in Fremont, California by us. Purchase orders are executed with suppliers based on our sales forecast.

(2) Under the Collaboration Agreement, we were required to pay in quarterly installments the funding of our joint research collaboration with Harvard, subject to a minimum funding commitment under applicable circumstances. Our License Agreement with Harvard consists of patent reimbursement expenses payments and a license upfront fee payment. There are also several milestone payments contingent upon the achievement of certain product development and commercialization milestones and royalty payments on net sales from certain patents licensed to Harvard. All product development milestones contemplated by the License Agreement have been met as of March 31, 2024; however, there are still outstanding commercialization milestones under the License Agreement that depend on us reaching certain sales amounts, some or all of which may not occur. Our Collaboration Agreement with Harvard was concluded on March 31, 2022.

(3) Our operating leases consist of leases for our facilities in the United States and Israel and motor vehicles.

(4) Earnout payments based on AlterG's revenue growth during the two consecutive trailing twelve-month periods following Closing of the transaction.

We calculated the payments due under our operating lease obligation for our Israeli office that are to be paid in NIS at a rate of exchange of NIS 3.68: \$1.00, and the payments due under our operating lease obligation for our German subsidiary that are to be paid in euros at a rate of exchange of €1.00: \$1.08, both of which were the applicable exchange rates as of March 31, 2024.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements or guarantees of third-party obligations as of March 31, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk during the first quarter of 2024. For a discussion of our exposure to market risk, please see Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our 2023 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Principal Financial Officer concluded that our disclosure controls and procedures were effective such that the information required to be disclosed by us in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2024 there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes to our legal proceedings as described in "Part I, Item 3. Legal Proceedings" of our 2023 Form 10-K, except as described in Note 7 in our condensed consolidated financial statements included in "Part I, Item 1" of this quarterly report.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to our risk factors from those disclosed in "Part I, Item 1A. Risk Factors" of our 2023 Form 10-K:

Risks Related to Our Business and Our Industry

We may not be able to continue to comply with Nasdaq's continued listing standards.

As previously disclosed, on October 10, 2022, we received a notification letter (the "Bid Price Letter") from Nasdaq that we failed to evidence a minimum closing bid price of \$1.00 per share for the prior 30-consecutive business day period in contravention of Nasdaq Listing Rule 5550(a) ("Rule 5550(a)"). We were provided an initial period of 180 days to regain compliance with Rule 5550(a). On April 11, 2023, we received a second notification letter from Nasdaq indicating that we had been provided with an additional period of 180 calendar days, or until October 9, 2023, to regain compliance with Rule 5550(a). The bid price of our ordinary shares did not close at \$1.00 per share or more for a minimum of 10 consecutive business days by October 5, 2023, and on October 6, 2023 we were notified by Nasdaq that, based upon our non-compliance with Rule 5550(a), as of October 5, 2023, our securities were subject to delisting unless we timely requested a hearing before the Nasdaq Hearings Panel (the "Panel"). We participated in an expedited review with the Panel, which first granted us an extension until January 31, 2024, to regain compliance with Rule 5550(a), including by implementing a reverse share split should such action be necessary to regain compliance.

We thereafter requested a further extension, through March 30, 2024, to allow for additional time for the finalization and implementation of the home health rule administrative proposal by CMS that explicitly includes exoskeletons within a Medicare benefit category. On December 8, 2023, we were notified that the Panel had granted us the requested extension through March 30, 2024, to regain compliance with Rule 5550(a)(2).

As previously disclosed, in connection with our 2023 Annual Meeting of Stockholders, our stockholders authorized our Board to effect a reverse stock split in a ratio from 1-for-2 to 1-for-12, at the Board's discretion, to be effective on a date to be determined by the Board, and to make conforming amendments to the Articles of Association (the "Articles of Association") to reflect any such reverse share split. On March 8, 2024, the Board determined to effect the Reverse Split at a ratio of 1-for-7 effective on March 15, 2024 and, approved the corresponding amendments to the Articles of Association and determined to increase the authorized number of shares to 25,000,000.

Following the successful completion of our 1-to-7 reverse stock split, on April 3, 2024, we received a written notice from the Panel that we had regained compliance with Rule 5550(a).

While we regained compliance and are currently in compliance with Nasdaq continued listing requirements, there is no guarantee that we will be able to continue to satisfy Nasdaq's continued listing requirements to maintain our listing on Nasdaq for any periods of time. Our failure to continue to meet these requirements may result in our securities being delisted from Nasdaq.

Any delisting determination could seriously decrease or eliminate the value of an investment in our ordinary shares and other securities linked to our ordinary shares. While an alternative listing on an over-the-counter exchange could maintain some degree of a market in our ordinary shares, we could face substantial material adverse consequences, including, but not limited to, the following: limited availability for market quotations for our ordinary shares; reduced liquidity with respect to our ordinary shares; a determination that our ordinary shares are "penny stock" under SEC rules, subjecting brokers trading our ordinary shares to more stringent rules on disclosure and the class of investors to which the broker may sell the ordinary shares; limited news and analyst coverage, in part due to the "penny stock" rules; decreased ability to issue additional securities or obtain additional financing in the future; and potential breaches under or terminations of our agreements with current or prospective large shareholders, strategic investors and banks. The perception among investors that we are at heightened risk of delisting could also negatively affect the market price of our securities and trading volume of our ordinary shares.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION*Rule 10b5-1 Trading Arrangements*

During the quarter ended March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

ITEM 6. EXHIBIT INDEX

Exhibit Number	Description
3.1**	Fifth Amended and Restated Articles of Association of the Company.
31.1**	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002.
31.2**	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File – formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.

* Furnished herewith.

** Filed herewith

^ Portions of this exhibit (indicated by asterisks) have been omitted under rules of the SEC permitting the confidential treatment of select information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ReWalk Robotics Ltd.

Date: May 15, 2024

By: /s/ Larry Jasinski
Larry Jasinski
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

By: /s/ Michael Lawless
Michael Lawless
Chief Financial Officer
(Principal Financial Officer)

THE ISRAELI COMPANIES LAW

A COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

ReWalk Robotics Ltd.

GENERAL PROVISIONS

1. **Definitions**

- a) In these Articles the following terms shall bear the meaning ascribed to them below:

“Alternate Director” is defined in Article 41.

“Annual General Meeting” shall have the meaning assigned to such term in the Companies Law.

The **“Articles”** shall mean these Articles of Association of the Company, as amended from time to time.

“Audit Committee” shall mean the Audit Committee of the Board of Directors.

“Board of Directors” shall mean Board of Directors of the Company.

The **“Company”** shall mean ReWalk Robotics Ltd.

The **“Companies Law”** shall mean the Israeli Companies Law, 1999, as amended from time to time.

A **“Director”** shall mean a member of the Board of Directors.

“External Director” shall have the meaning assigned to such term in the Companies Law.

“Extraordinary General Meeting” shall mean any General Meeting other than the Annual General Meeting.

“General Counsel” shall mean the General Counsel of the Company.

“General Manager(s)” is defined in Article 46.

“General Meeting” shall mean a general meeting of the shareholders of the Company, which may be an Annual General Meeting or an Extraordinary General Meeting.

“NIS” shall mean New Israeli Shekel.

“Office” means the registered office of the Company.

“Ordinary Majority” shall mean a simple majority of the votes cast by shareholders at a General Meeting in person or by means of a proxy.

"Ordinary Shares" shall mean the ordinary shares of the Company, par value NIS 1.75 per share.

"Person" shall mean any individual or firm, corporation, partnership, association, trust or other entity.

"Register of Shareholders" shall mean a register of the shareholders of the Company.

The **"Secretary"** shall mean the corporate secretary of the Company.

"Shareholders Resolution" shall mean a resolution adopted by votes of shareholders of the Company at a General Meeting.

- b) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.
- c) Unless the subject or the context otherwise requires, words and expressions not defined herein shall have the respective meanings set forth in the Companies Law in force on the date when these Articles or any amendment thereto, as the case may be, first became effective; words and expressions importing the singular shall include the plural and vice versa; and words and expressions importing the masculine gender shall include the feminine gender.

2. Object and Purpose of the Company

(a) The object and purpose of the Company shall be to engage in any lawful activity.

(b) In accordance with Section 11(a) of the Companies Law, the Company may donate reasonable amounts to any cause it deems worthy. The Board of Directors or an authorized Committee of the Board of Directors may from time to time determine the policy and amounts within which such donations may be made by the Company, and the Person or Persons authorized to approve any such specific donation.

3. Limitation of Liability

The liability of the shareholders is limited to the payment of the nominal value of the shares in the Company issued to them and which remains unpaid, and only to that amount. If the Company's share capital shall include at any time shares without a nominal value, the shareholders' liability in respect of such shares shall be limited to the payment of up to NIS 1.75 for each such share issued to them and which remains unpaid, and only to that amount.

SHARE CAPITAL

4. Authorized Share Capital

The authorized share capital of the Company is Forty-Three Million Seven Hundred and Fifty Thousand New Israeli Shekels (NIS 43,750,000) divided into Twenty-Five Million (25,000,000) Ordinary Shares, par value NIS 1.75 per share.

5. Increase of Authorized Share Capital

(a) The Company may, from time to time, by Shareholders Resolution, whether or not all the shares then authorized have been issued, and whether or not all the shares theretofore issued have been called up for payment, increase its authorized share capital by the creation of new shares through amending these Articles. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts (or no nominal amounts), and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares prior to such resolution.

6. Rights of the Ordinary Shares

The Ordinary Shares confer upon the holders thereof all rights accruing to a shareholder of the Company, as provided in these Articles, including, *inter alia*, the right to receive notices of, and to attend meetings of shareholders; for each share held, the right to one vote at all meetings of shareholders; and to share equally, on a per share basis, in such dividend and other distributions to shareholders of the Company as may be declared by the Board of Directors in accordance with these Articles and the Companies Law, and upon liquidation or dissolution of the Company, in the distribution of assets of the Company legally available for distribution to shareholders in accordance with the terms of applicable law and these Articles. All Ordinary Shares rank *pari passu* in all respects with each other.

7. Special Rights; Modifications of Rights

(a) The Company may, from time to time, by Shareholders Resolution, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

(b) (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles and subject to applicable law, may be modified or abrogated by the Company, by Shareholders Resolution, subject to an approval by a resolution passed by the holders of a simple majority of the shares of such class voting at a separate General Meeting of the holders of the shares of such class.

(ii) The provisions of these Articles relating to General Meetings shall, *mutatis mutandis*, apply to any separate General Meeting of the holders of the shares of a particular class.

(iii) Unless otherwise provided by these Articles, the enlargement of an existing class of shares, or the issuance of additional shares thereof, shall not be deemed, for purposes of this Article 7(b), to modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

8. Consolidation, Subdivision, Cancellation and Reduction of Share Capital

(a) The Company may, from time to time, by Shareholders Resolution (subject, however, to the provisions of Article 7(b) hereof and to applicable law):

(i) consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares;

(ii) subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles (subject, however, to the provisions of the Companies Law), and the Shareholders Resolution whereby any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the shares so cancelled; or

(iv) reduce its share capital in any manner, and with and subject to any consent required by law.

(b) With respect to any consolidation of issued shares into shares of larger nominal value, and with respect to any other action which may result in fractional shares, the Board of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, including, *inter alia*, resort to one or more of the following actions:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;

(ii) issue, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iii) redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) subject to applicable law, cause the transfer of fractional shares by certain shareholders of the Company to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board of Directors is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this sub-Article 8(b)(iv); or

(v) cause the aggregation of fractional shares and the sale thereof so as to most expediently preclude or remove any fractional shareholding and cause the proceeds thereof, less expenses, to be paid to the former holders of the fractional shares.

(c) Notwithstanding the foregoing, if a class of shares has no nominal value, then any of the foregoing actions may be taken with respect to such class without regard to nominal value.

SHARES

9. Issuance of Share Certificates; Replacement of Lost Certificates

(a) Share certificates shall be issued under the seal or stamp of the Company and shall bear the signature of any two (2) Directors or any two (2) of the following: the General Manager, the Chief Financial Officer, the General Counsel, the Secretary, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, or of any other Person or Persons authorized thereto by the Board of Directors. For the avoidance of doubt, any transfer agent designated by the Company may issue share certificates on behalf of the Company even if the signatories on the share certificate no longer serve in the relevant capacities at the time of such issuance.

(b) The Company may issue un-certificated shares, provided, however, that each holder of shares shall be entitled to one numbered certificate for all the shares of any class registered in his name, and if reasonably requested by such holder, to several certificates, each for one or more of such shares.

(c) A share certificate registered in the names of two or more Persons shall be delivered to the Person first named in the Register of Shareholders in respect of such co-ownership.

(d) If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such affidavit and indemnity or security, as the Company's Secretary may deem fit.

10. Issuance of Shares; Registered Holders of Shares

(a) The unissued shares from time to time shall be under the control of the Board of Directors, who shall have the power to issue shares or otherwise dispose of them to such Persons, on such terms and conditions (including *inter alia* terms relating to calls as set forth in Article 11(f) hereof), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board of Directors may deem fit, and the power to give to any Person the option to acquire from the Company any shares, either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, during such time and for such consideration as the Board of Directors may deem fit.

(b) Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and, accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by statute, be bound to recognize any trust or equitable or other claim to, or interest in such share on the part of any other Person.

(c) Subject to and in accordance with the provisions of the Companies Law and to all orders and regulations issued thereunder, the Board of Directors may elect to maintain one or more Registers of Shareholders outside of Israel in addition to its principal Register of Shareholders, and each such register shall be deemed a Register of Shareholders for purposes of these Articles, and, subject to all applicable requirements of law, the Board of Directors may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

11. Calls on Shares

(a) The Company may, from time to time, make such calls as the Board of Directors may determine upon holders of shares in respect of any sum unpaid for shares held by such holders which is not, by the terms of issuance thereof or otherwise, payable at a fixed time, and each such holder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the Person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such time(s) may be thereafter extended and/or such Person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

(b) Notice of any call shall be given in writing to the holder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the Person to whom such payment shall be made, provided, however, that before the time for any such payment, the Company upon approval of the Board of Directors may, by notice in writing to such holder(s), revoke such call in whole or in part, extend such time, or alter such Person and/or place. In the event of a call payable in installments, only one notice thereof need be given.

(c) If, by the terms of issuance of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Company and of which due notice had been given, and all the provisions herein contained with respect to such calls shall apply to each such amount.

(d) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.

(e) Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and at such time(s) as the Board of Directors may prescribe.

(f) Upon the issuance of shares, the Board of Directors may provide for differences among the holders of such shares as to the amount of calls and/or the times of payment thereof.

(g) With the approval of the Board of Directors, any holder of shares may pay to the Company any amount not yet payable in respect of his shares. The Board of Directors may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty.

12. Forfeiture and Surrender

(a) If any holder fails to pay any amount payable in respect of a call, or interest thereon as provided for herein, on or before the day fixed for payment of the same, the Company, by resolution of the Board of Directors, may at any time thereafter, so long as the said amount or interest remains unpaid, forfeit all or any of the shares in respect of which said call had been made. Any expense incurred by the Company in attempting to collect any such amount or interest, including, *inter alia*, attorneys' fees and costs of suit, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

(b) Upon the adoption of a resolution of forfeiture, the Board of Directors shall cause notice thereof to be given to such holder, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Company with the approval of the Board of Directors), such shares shall be *ipso facto* forfeited, provided, however, that, prior to the expiration of such period, the Board of Directors may nullify such resolution of forfeiture, but no such nullification shall estop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(c) Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(d) The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share.

(e) Any shares forfeited or surrendered as provided herein shall become Dormant Shares and the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-issued or otherwise disposed of as the Board of Directors deems fit.

(f) Any holder whose shares have been forfeited or surrendered shall cease to be a holder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 11(e) above, and the Company, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing by the holder in question (but not yet due) in respect of all shares owned by such holder, solely or jointly with another.

(g) The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-issued or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems fit, but no such nullification shall estop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 12.

13. Lien

(a) Except to the extent the same may be waived or subordinated in writing, to the extent permitted by applicable law, the Company shall have a first and paramount lien upon all the shares (other than shares which are fully paid up) registered in the name of each holder (without regard to any equitable or other claim or interest in such shares on the part of any other Person), and upon the proceeds of the sale thereof, for his debts and liabilities, solely or jointly with another, to the Company in respect of such shares, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(b) The Board of Directors may cause the Company to sell any shares subject to such lien when any such debt or liability has matured, in such manner as the Board of Directors may deem fit, but no such sale shall be made unless such debt or liability or has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such holder, his executors or administrators.

(c) The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of such debts or liabilities of such holder (whether or not the same have matured), or any specific part of the same (as the Company may determine), and the residue (if any) shall be paid to the holder, his executors, administrators or assigns.

14. Sale after Forfeiture or Surrender or in Enforcement of Lien

Upon any sale of shares after forfeiture or surrender or for enforcing a lien, the Board of Directors may appoint some Person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register of Shareholders in respect of such shares, and the purchaser shall not be bound to see to the propriety of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Shareholders in respect of such shares, the validity of the sale shall not be impeached by any Person, and the remedy of any Person aggrieved by the sale shall be in damages only and against the Company exclusively.

15. Redeemable Shares

The Company may, subject to applicable law, issue redeemable shares and redeem the same upon the conditions and terms determined by the Board of Directors.

TRANSFER OF SHARES

16. Effectiveness and Registration

(a) No transfer of shares shall be registered in the Register of Shareholders unless a proper instrument of transfer (in form and substance satisfactory to the Secretary) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the Secretary may reasonably require, and unless such transfer complies with applicable law and these Articles. Until the transferee has been registered in the Register of Shareholders in respect of the shares so transferred, the Company may continue to treat the transferor as the owner thereof. The Board of Directors may, from time to time, prescribe a fee for the registration of a transfer.

(b) The Company shall be entitled to refuse to recognize a transfer deed until the certificate of the transferred share is attached to it together with any other evidence which the Board of Directors or the Secretary shall require as proof of the transferor's right to transfer the share and payment of any transfer fee determined by the Board of Directors. Registered transfer deeds shall remain with the Company, but any transfer deed which the Company refused to register shall be returned to the transferor upon demand.

(c) The Board of Directors may close the Register of Shareholders for a period of up to thirty (30) days in each year.

TRANSMISSION OF SHARES

17. Decedents' Shares

(a) In case of a share registered in the names of two or more holders, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 17(b) have been effectively invoked.

(b) Any Person becoming entitled to a share in consequence of the death of any individual, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board of Directors or the Secretary may reasonably deem sufficient of the capacity in which he proposes to act under this Article), shall be registered as a holder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

18. Receivers and Liquidators

(a) The Company may recognize the receiver or liquidator or similar official of any corporate shareholder in winding-up or dissolution, or the receiver or trustee or similar official in bankruptcy or in connection with the reorganization of any shareholder, as being entitled to the shares registered in the name of such shareholder.

(b) The receiver or liquidator or similar official of a corporate shareholder in winding-up or dissolution, or the receiver or trustee or similar official in bankruptcy or in connection with the reorganization of any shareholder, upon producing such evidence as the Board of Directors or the Secretary may deem sufficient of the capacity in which he proposes to act under this Article, shall with the consent of the Secretary, be registered as a shareholder in respect of such shares, or may, subject to the provisions as to transfer herein contained, transfer such shares.

RECORD DATE WITH RESPECT TO OWNERSHIP OF SHARES

19. Record Dates

(a) Notwithstanding any provision to the contrary in these Articles, for the determination of the holders entitled to receive notice of and to participate in and vote at a General Meeting or to express consent to or dissent from any corporate action in writing, the Board of Directors may fix, in advance, a record date which shall neither be earlier nor later than is permitted under applicable law. No Persons other than holders of record of Ordinary Shares as of such record date shall be entitled to notice of and to participate in and vote at such General Meeting, or to exercise such other right, as the case may be. A determination of holders of record with respect to a General Meeting shall apply to any adjournment of such meeting, provided that the Board of Directors may fix a new record date for an adjourned meeting.

(b) Subject to the applicable law, the holders entitled to receive payment of any dividend or other distribution or issuance of any rights, shall be the shareholders on the date upon which it was resolved to distribute the dividend or at such later date as shall be determined by, or pursuant to a resolution of, the Board of Directors.

GENERAL MEETINGS

20. Annual General Meeting

An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board of Directors.

21. Extraordinary General Meetings

The Board of Directors may, whenever it deems fit, convene an Extraordinary General Meeting at such time and place, within or without the State of Israel, as may be determined by the Board of Directors, and shall be obliged to do so upon a demand in writing in accordance with Section 63(b) of the Companies Law, if the proposed resolution is suitable for determination by shareholders.

22. Notice of General Meetings

(a) The Company is required to give such prior notice of a General Meeting as required by applicable law, but in any event not less than fourteen (14) days. The Company is not required to deliver personal notice to every shareholder except to the extent required by applicable law. In any event, the accidental omission to give notice of a meeting to any shareholder or the non-receipt of notice by any of the shareholders shall not invalidate the proceedings at any meeting.

(b) The notice of the meeting shall set forth the agenda of the meeting.

(c) Any Shareholder or Shareholders of the Company holding at least one percent (1%) of the voting rights of the Company (the "Proposing Shareholder(s)") may request, subject to the Companies Law, that the Board of Directors include a matter on the agenda of a General Meeting, provided that the matter is appropriate to be considered in a General Meeting (a "Proposal Request"). In order for the Board of Directors to consider a Proposal Request and whether to include the matter stated therein in the agenda of a General Meeting, notice of the Proposal Request must be timely delivered under any applicable law and stock exchange rules and regulations and the Proposal Request must comply with the requirement of these Articles (including this Article 22) and any applicable law and stock exchange rules and regulations. The Proposal Request must be in writing, signed by all of the Proposing Shareholder(s) making such request, delivered, either in person or by certified mail, postage prepaid, and received by the Secretary (or, in the absence thereof by the Chief Executive Officer of the Company). The announcement of an adjournment or postponement of a General Meeting shall not commence a new time period (or extend any time period) for the delivery of a Proposal Request as described above. The Proposal Request must include the following: (i) the name, address, telephone number, fax number and email address of the Proposing Shareholder (or each Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity; (ii) the number of Ordinary Shares held by the Proposing Shareholder(s), directly or indirectly (and, if any of such Ordinary Shares are held indirectly, an explanation of how they are held and by whom), which shall be in such number no less than as is required to qualify as a Proposing Shareholder, accompanied by evidence satisfactory to the Company of the record holding of such Ordinary Shares by the Proposing Shareholder(s) as of the date of the Proposal Request, and a representation that the Proposing Shareholder(s) intends to appear in person or by proxy at the meeting; (iii) the matter requested to be included on the agenda of a General Meeting, all information related to such matter, the reason that such matter is proposed to be brought before the General Meeting, the complete text of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting and, if the Proposing Shareholder wishes to have a position statement in support of the Proposal Request, a copy of such position statement that complies with the requirement of any applicable law; (iv) a description of all arrangements or understandings between the Proposing Shareholders and any other Person(s) (naming such Person or Persons) in connection with the matter that is requested to be included on the agenda and a declaration signed by all Proposing Shareholder(s) of whether any of them

has a personal interest in the matter and, if so, a description in reasonable detail of such personal interest; (v) a description of all Derivative Transactions (as defined below) by each Proposing Shareholder(s) during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (vi) a declaration that all of the information that is required under the Companies Law and any other applicable law and stock exchange rules and regulations to be provided to the Company in connection with such matter, if any, has been provided to the Company. The Board of Directors, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a matter in the agenda of a General Meeting, as the Board of Directors may reasonably require. A "Derivative Transaction" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its affiliates or associates, whether of record or beneficial: (i) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (ii) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (iii) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (iv) which provides the right to vote or increase or decrease the voting power of, such Proposing Shareholder, or any of its affiliates or associates, with respect to any shares or other securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

The information required pursuant to this Article 22(c) shall be updated as of (i) the record date of the General Meeting, (ii) five business days before the General Meeting, and (iii) as of the General Meeting, and any adjournment or postponement thereof.

(d) Notwithstanding anything to the contrary in these Articles, unless otherwise provided by applicable law, notice by the Company of a General Meeting which is published in one (1) daily newspaper in the State of Israel, if at all, shall be deemed to have been duly given on the date of such publication to any shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located in the State of Israel or whose shares of the Company are registered with a transfer agent, or listed for trade on a stock exchange, that is located in the State of Israel.

(e) Notwithstanding anything to the contrary in these Articles, unless otherwise provided by applicable law, notice by the Company of a General Meeting or any other matter which is published via one international wire service shall be deemed to have been duly given on the date of such publication to any shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located outside the State of Israel or whose shares of the Company are registered with a transfer agent, or listed for trade on a stock exchange that is located outside the State of Israel.

PROCEEDINGS AT GENERAL MEETINGS

23. Quorum

Two or more holders of Ordinary Shares (not in default in payment of any sum referred to in Article 12(a) hereof), present in person or by proxy and holding shares conferring in the aggregate at least thirty-three-and-one-third percent (33-1/3%) of the voting power of the Company shall constitute a quorum at General Meetings. No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business.

24. Chairman of Meetings

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company. If there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes after the time fixed for the meeting or is unwilling to act as Chairman or has notified the Company that he will not attend such meeting, the holders of Ordinary Shares present (or their proxies) shall choose someone else to be Chairman. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting (without derogating, however, from the rights of such Chairman to vote as a holder of Ordinary Shares or proxy of a shareholder if, in fact, he is also a shareholder or a proxy).

25. Adoption of Resolutions at General Meetings

(a) Subject to Article 35(a), unless otherwise indicated herein or required by applicable law any Shareholders Resolution shall be deemed adopted if approved by an Ordinary Majority, including without limitation, a Merger of the Company or an amendment to these Articles, to the extent permitted by applicable law.

(b) Every question submitted to a General Meeting shall be decided by a show of hands, without derogating from voting by written ballot to the extent permitted, pursuant to applicable law.

(c) A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or defeated, and an entry to that effect in the minutes book of the Company, shall be conclusive evidence of the fact without need of proof of the number or proportion of the votes recorded in favor of or against such resolution.

26. Power to Adjourn

The Chairman of a General Meeting at which a quorum is present may, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. In addition, the Chairman shall, if directed by the Board, adjourn a General Meeting (whether prior to or at the General Meeting) from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

27. Voting Power

Subject to applicable law, and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, every holder of Ordinary Shares shall have one vote for each share registered in his name in the Register of Shareholders upon any resolution put to a vote of the holders of Ordinary Shares.

28. Voting Rights

(a) The shareholders entitled to vote at a General Meeting shall be the shareholders listed in the Company's Register(s) of Shareholders on the record date, as specified in Article 19.

(b) A company or other entity which is not an individual being a holder of Ordinary Shares of the Company may be represented by an authorized individual at any meeting of the Company. Such authorized individual shall be entitled to exercise on behalf of such holder all the power, which the latter could have exercised if it were an individual shareholder. Upon the request of the Chairman of the meeting, written evidence of such authorization (in form acceptable to the Chairman in his sole discretion) shall be delivered to him.

(c) Any holder of Ordinary Shares entitled to vote at the General Meeting may vote thereat either personally or by proxy (who need not be a shareholder of the Company), or, if the shareholder is a company or other corporate body, by a representative authorized pursuant to Article 28(b).

(d) If two or more Persons are registered in the Register of Shareholders as joint holders of any Ordinary Share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders, all subject to applicable law.

(e) No shareholders shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

(f) The Board of Directors may determine, in its discretion, the matters, if any, that may be voted upon by written ballot delivered to the Company (without attendance in person or by proxy) at a General Meeting, in addition to the matters on which shareholders are entitled to do so pursuant to applicable law.

(g) Subject to the provisions of applicable law, the Secretary of the Company may, in his discretion, disqualify proxies, proxy cards, written ballots or any other similar instruments.

PROXIES

29. Instrument of Appointment

(a) The instrument appointing a proxy shall be substantially in the form provided below or any other usual or customary form or such other form as may be approved by the Board of Directors from time to time. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s).

"I, the undersigned, _____, being a
(name of shareholder)

shareholder of **ReWalk Robotics Ltd.** hereby appoint

_____ of _____
(name of proxy) (address of proxy)

as my proxy to attend and vote on my behalf at [any General Meeting of the Company] [the General Meeting of the Company to be held on the _____ day of _____, 2____] and at any adjournment thereof.

Signed this _____ day of _____, 2____.

_____.
(signature of shareholder)

(b) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at its registered office, or at its principal place of business or at the offices of its registrar and/or transfer agent or at such place as the Board of Directors may specify) not less than forty-eight (48) hours before the time fixed for the meeting at which the Person named in the instrument proposes to vote, unless otherwise determined by the Chairman of the meeting.

(c) The rights of a shareholder who is legally incapacitated to attend and/or vote at a General Meeting may be exercised by his guardian.

30. Effect of Death of Appointer or Revocation of Appointment

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the previous death of the appointing shareholder (or of his attorney-in-fact, if any, who signed such instrument) or the revocation of the appointment, provided that no written notice of such death or revocation shall have been received by the Company or by the Chairman of the meeting before such vote is cast and provided, further, that the appointing shareholder, if present in person at said meeting, may revoke the authority granted by the execution of a proxy by filing with the Company a duly executed instrument appointing another proxy, on or prior to the deadline for the delivery of proxies, or by voting in person at the General Meeting.

BOARD OF DIRECTORS

31. Powers of Board of Directors

(a) In General

The oversight of the management of the business of the Company shall be vested in the Board of Directors, which may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do, and are not hereby or by law required to be exercised or done by the Company in a General Meeting. The authority conferred on the Board of Directors by this Article 31 shall be subject to the provisions of the Companies Law, of these Articles and any resolution consistent with the Companies Law and these Articles adopted from time to time by a General Meeting, provided, however, that no such resolution shall invalidate any prior act done by or pursuant to a decision of the Board of Directors which would have been valid if such resolution had not been adopted.

(b) Borrowing Power

The Board of Directors may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and also may cause the Company to secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it deems fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid share capital for the time being.

(c) Reserves

The Board of Directors may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board of Directors, in its absolute discretion, shall deem fit, and the Company may invest any sum so set aside in any manner and from time to time deal with and vary such investments, and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board of Directors may from time to time deem fit.

32. Exercise of Powers of Directors

(a) A meeting of the Board of Directors at which a quorum is present (in person, by means of a conference call or any other device allowing each director participating in such meeting to hear all the other directors participating in such meeting) shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board of Directors.

(b) A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a simple majority of the Directors present and lawfully entitled to vote thereon (as conclusively determined by the Secretary or General Counsel, and in the absence of such determination, by the Chairman of the Audit Committee) and voting thereon.

(c) A resolution may be adopted by the Board of Directors without convening a meeting if all Directors then in office and lawfully entitled to participate in the meeting and vote thereon (as conclusively determined by the Secretary or General Counsel, and in the absence of such determination, by the Chairman of the Audit Committee), have given their written consent (in any manner whatsoever) not to convene a meeting to discuss such matter. Such resolution shall be adopted if approved by a majority of the Directors lawfully entitled to vote thereon (as determined as aforesaid). The Chairman of the Board of Directors shall sign the instrument evidencing any resolutions so adopted, including the decision to adopt said resolutions without a meeting.

33. Delegation of Powers

(a) The Board of Directors may, subject to the provisions of the Companies Law and these Articles, delegate any of its powers to committees, each consisting of two or more Persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any Committee so formed (in these Articles referred to as a "**Committee of the Board of Directors**"), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors shall, *mutatis mutandis*, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as not superseded by the Companies Law or any regulations adopted by the Board of Directors under this Article. Notwithstanding the foregoing, the Chairman of a Committee of the Board of Directors shall not have a casting vote. Unless otherwise expressly provided by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall not be empowered to further delegate such powers.

(b) Without derogating from the provisions of Article 46, the Board of Directors may, subject to the provisions of the Companies Law, from time to time appoint a Secretary to the Company, as well as any officers of the Company, and may terminate the service of any such Person, and also may cause the Company to engage employees, agents and independent contractors and to terminate the service of any such Person, all as the Board of Directors may deem fit. Without derogating from the provisions of Article 46, the Board of Directors may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the compensation terms of all such Persons, and may require security in such cases and in such amounts as it deems fit.

34. Number of Directors

(a) The Board of Directors shall include at least five (5) Directors and cannot be more than thirteen (13) Directors, including two External Directors.

(b) The requirements of the Companies Law applicable to an External Director shall prevail over the provisions of these Articles to the extent that these Articles are inconsistent with the Companies Law, and shall apply to the extent that these Articles are silent.

35. Election and Removal of Directors

(a) Other than External Directors, the directors will be elected in three staggered classes by the vote of a majority of the ordinary shares present and entitled to vote. The directors of only one class will be elected at each annual meeting for a three year term, so that the regular term of only one class of directors expires annually. The directors serving as of the date these Articles become effective will be classified as shall be determined by a resolution of the Board. At the Company's Annual General Meeting to be held in 2015, the term of the first class, consisting of three (3) directors will expire, and the directors elected at that meeting will be elected for a three-year term. At the Company's Annual General Meeting to be held in 2016, the term of the second class, consisting of three (3) directors, will expire and the directors elected at that meeting will be elected for a three-year term. At the Company's Annual General Meeting to be held in 2017, the term of the third class, consisting of three (3) directors, will expire and the director elected at that meeting will be elected for a three-year term. The External Directors will not be assigned a class.

If the number of directors constituting the Board is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors constituting the Board shorten the term of any incumbent director.

The provisions of this Article 35(a) may not be amended without a resolution of the general meeting of the Company approved by shareholders holding 65% or more of the voting power of the issued and outstanding share capital of the Company.

(b) Subject to subsection (a), each Director shall be elected by a Shareholders Resolution at the Annual General Meeting by the vote of the holders of a simple majority of the voting power represented at such meeting in person or by proxy and voting on such election. .

(c) Notwithstanding the provisions of subsection (a), External Directors shall be elected in accordance with the Companies Law. An elected External Director shall commence his term from the date of, and shall serve for the period stated in, the resolution of the General Meeting at which he was elected, unless his office becomes vacant earlier in accordance with the provisions of the Companies Law.

(d) A Director may serve for multiple terms, provided, however, that the terms of an External Director shall be limited in accordance with applicable law.

(e) The General Meeting shall be entitled to remove any Director(s) from office by a Shareholder Resolution approved by Shareholders holding 65% or more of the voting power of the issued and outstanding share capital of the Company, subject to applicable law. The Board of Directors shall be entitled to remove from office any Director(s) appointed by the Board of Directors.

36. Qualification of Directors

No Person shall be disqualified to serve as a Director by reason of his not holding shares in the Company.

37. Vacancies in the Board of Directors

(a) Subject to the provisions of Article 35(a), any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board of Directors by resolution of the Board of Directors or from the number of Directors serving being less than the maximum permitted number, may be filled by resolution of the Board of Directors. A Director elected to fill a vacancy shall be elected to hold office until the Annual General Meeting at which the term for the other directors of his class expires, unless his office becomes vacant earlier in accordance with the provisions of these Articles.

(b) In the event of one or more vacancies in the Board of Directors, the continuing Directors may continue to act in every matter, provided, however, that if they number less than the minimum number set forth in Article 34(a) hereof, they may only act in an emergency (as determined in their absolute discretion), may appoint one or more Directors and call one or more General Meetings for any purpose.

38. Vacation of Office

(a) The office of a Director shall be vacated,*ipso facto*, upon his death, or if he be found mentally incapacitated, or upon the conviction of a crime enumerated in the Companies Law or as otherwise provided by applicable law.

(b) The office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

39. Remuneration of Directors

No Director shall be paid any remuneration by the Company for his services as Director except as may be approved pursuant to the provisions of the Companies Law. Except as otherwise provided by applicable law, reimbursement of expenses incurred by a Director in carrying out his duties as such shall be made pursuant to the policy in this respect as determined by the Board of Directors and in effect from time to time.

40. Conflict of Interests

(a) Subject to the provisions of the Companies Law, the Company may enter into any contract or otherwise transact any business with any Director in which contract or business such Director has a Personal Interest, directly or indirectly; and may enter into any contract or otherwise transact any business with any third party in which contract or business a Director has a Personal Interest, directly or indirectly.

(b) A Transaction (other than an Extraordinary Transaction) between the Company and an Office Holder or Controlling Person of the Company, or in which an Office Holder or Controlling Person of the Company has a Personal Interest, may be approved by:

- (i) the Audit Committee – without any monetary limit; or
- (ii) the Board of Directors – without any monetary limit; or
- (iii) the Company's authorized officer(s) or director(s) in accordance with the Company's signatory rights (provided that no such approval may be given by any signatory who has a Personal Interest in the transaction). Any such approval may relate to a specific Transaction or to a general category of Transactions.

41. Alternate Directors

(a) A Director may, subject to the consent of a majority of the members of the Board of Directors excluding such Director, appoint an individual as an alternate for himself ("Alternate Director"), remove such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever. Unless the appointing Director, by the instrument appointing an Alternate Director or by written notice to the Company, limits such appointment to a specified period of time or restricts it to a specified meeting or action of the Board of Directors, or otherwise restricts its scope, the appointment shall be for an indefinite period and for all purposes.

(b) Any notice given to the Company pursuant to Article 41(a) shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

(c) An Alternate Director shall have all the rights and obligations of the Director who appointed him, provided, however, that he may not in turn appoint an alternate for himself, and provided further that an Alternate Director shall have no standing at any meeting of the Board of Directors or any committee thereof while the Director who appointed him is present at such meeting.

(d) An Alternate Director shall alone be responsible for his own acts and omissions, and he shall not be deemed the agent of the Director who appointed him.

(e) The office of an Alternate Director shall be vacated under the circumstances, *mutatis mutandis*, set forth in Article 38, and such office shall *ipso facto* be vacated if the Director who appointed such Alternate Director ceases to be a Director.

(f) Notwithstanding Article 41(a), (i) no Person shall be appointed as the Alternate Director for more than one Director and (ii) except as otherwise specifically permitted by the Companies Law, (A) no External Director may appoint an Alternate Director and (B) no Director may serve as an Alternate Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

42. Meetings

(a) The Board of Directors may meet and adjourn its meetings according to the Company's needs but at least once in every three (3) months, and otherwise regulate such meetings and proceedings as the Directors think fit. Notice of the meetings of the Board of Directors shall be sent to each Director at the last address that the Director provided to the Company, or via telephone, facsimile or e-mail message, to the last telephone number, fax number or e-mail address, as applicable, that the Director provided to the Company.

(b) Any two (2) Directors may, at any time, convene a meeting of the Board of Directors, but not less than seventy-two (72) hours' notice shall be given of any meeting so convened, provided that the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors may convene a meeting of the Board of Directors upon not less than twenty-four (24) hours written notice, and further provided, that the Board of Directors may convene a meeting without such prior notice with the consent of all of the Directors who are lawfully entitled to participate in and vote at such meeting (as conclusively determined by the Secretary or General Counsel, and in the absence of such determination, by the Chairman of the Audit Committee). The notice of a meeting of the Board of Directors shall describe the agenda for such meeting in reasonable detail, as determined by those convening such meeting. The failure to give notice to a Director in the manner required hereby may be waived by such Director. In urgent situations, a meeting of the Board of Directors can be convened without any prior notice with the consent of a majority of the Directors, including a majority of those who are lawfully entitled to participate in and vote at such meeting (as conclusively determined by the Secretary or General Counsel, and in the absence of such determination, by the Chairman of the Audit Committee).

43. Quorum

Unless otherwise unanimously decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence in person or by any other means of communication by which the Directors may hear each other simultaneously, of at least a majority of the Directors then in office who are lawfully entitled to participate in the meeting and vote thereon (as conclusively determined by the Secretary or General Counsel, and in the absence of such determination, by the Chairman of the Audit Committee). No business shall be transacted at a meeting of the Board of Directors unless the requisite quorum is present as aforesaid.

44. Chairman of the Board of Directors

(a) The Board of Directors may from time to time elect one of its members to be the Chairman of the Board of Directors, remove such Chairman from office and appoint another in his place.

(b) The Chairman, if any, of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes after the time fixed for the meeting, or is unwilling to act as Chairman or has notified the Company that he will not attend such meeting, the Directors present shall choose one of their number to be the Chairman of such meeting. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any meeting of the Board of Directors nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a Director of the Company).

45. Validity of Acts Despite Defects

Subject to the provisions of the Companies Law, all acts done bona fide at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any Person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the process or in the appointment of the participants in such meetings or any of them or any Person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

GENERAL MANAGER

46. General Manager

(a) The Board of Directors may from time to time appoint one or more Persons, whether or not Directors, as general managers (the "**General Manager(s)**") of the Company and may confer upon such Person(s), and from time to time modify or revoke, such title(s) (including Managing Director, President, Chief Executive Officer, Director General or any similar or dissimilar title) and such duties and authorities of the Board of Directors as the Board of Directors may deem fit, subject to such limitations and restrictions as the Board of Directors may from time to time prescribe. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board of Directors may from time to time (subject to the provisions of the Companies Law and of any contract between any such Person and the Company) fix his or their compensation terms, remove or dismiss him or them from office, or assume his or their authorities with respect to a specific matter or period of time.

(b) The General Manager shall have the authority, in his discretion, to appoint any Person to become an Office Holder (other than a Director) and fix his remuneration. The General Manager shall have the authority, in his discretion, to promote or demote, or to increase or decrease any remuneration of, any other Office Holder (other than a Director) who reports directly or indirectly to the General Manager, provided that such matter is not considered an Extraordinary Transaction. Nothing in this Article 46(b) shall derogate from the authority of the Board of Directors.

MINUTES

47. Minutes

(a) Minutes of each General Meeting and of each meeting of the Board of Directors and any Committees thereof shall be recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

(b) Any minutes as aforesaid, if purporting to be signed by the Chairman of the meeting, shall constitute *prima facie* evidence of the matters recorded therein.

DIVIDENDS

48. Declaration and Payment of Dividends

(a) Subject to the Companies Law, the Board of Directors may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be appropriate. Subject to the Companies Law, the Board of Directors shall determine the time for payment of such dividends, and the record date for determining the shareholders entitled thereto.

(b) The Company's obligation to pay dividends or any other amount in respect of shares may be set-off by the Company against any indebtedness, however arising, liquidated or non-liquidated, of the Person entitled to receive the dividend. The provisions contained in this Article shall not prejudice any other right or remedy vested with the Company pursuant to these Articles or otherwise.

49. Amount Payable by Way of Dividends

Subject to the rights of the holders of shares with special rights as to dividends, any dividend paid by the Company shall be allocated among the shareholders entitled thereto in proportion to their respective holdings of the shares in respect of which such dividend is being paid.

50. Interest

No dividend shall carry interest as against the Company.

51. Form of Dividend

Upon the declaration of the Board of Directors, a dividend may be paid, wholly or partly, by the distribution of cash or specific assets of the Company or by distribution of securities of the Company or of any other companies, or in any one or more of such ways.

52. Retention of Dividends

The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any Person is, under Articles 17 or 18, entitled to become a shareholder, or which any Person is, under said Articles, entitled to transfer, until such Person shall become a shareholder in respect of such share or shall transfer the same.

53. Unclaimed Dividends

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by and for the benefit of the Company until claimed. The payment by the Company of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend, and any such other moneys unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a Person who would have been entitled thereto had the same not reverted to the Company.

FINANCIAL STATEMENTS

54. Financial Statements

The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of applicable law. Such books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorized by the Board of Directors or by a Shareholders Resolution. The Company shall not be required to send copies of its financial statements to the shareholders.

AUDITORS

55. Outside Auditor

The outside auditor of the Company shall be recommended by the Audit Committee and elected by Shareholder Resolution at each Annual General Meeting and shall serve until the next Annual General Meeting or its earlier removal or replacement by Shareholder Resolution. The Board of Directors shall have the authority to fix, in its discretion, the remuneration of the auditor for audit and any other services, or to delegate such authority to the Audit Committee.

56. Internal Auditor

The internal auditor of the Company shall be subject to the administrative supervision of the Chairman of the Board of Directors and shall present all its proposed work plans to the Audit Committee, which shall have the authority to approve them subject to any modifications in its discretion.

EXEMPTION, INSURANCE AND INDEMNITY

57. Exemption, Insurance and Indemnity

(a) Insurance of Office Holders:

- i. The Company may insure the liability of any Office Holder therein to the fullest extent permitted by law.
- ii. Without derogating from the aforesaid the Company may enter into a contract to insure the liability of an Office Holder therein for an obligation imposed on him in consequence of an act done in his capacity as an Office Holder therein, in any of the following cases:
 1. A breach of the duty of care vis-à-vis the Company or vis-à-vis another Person;
 2. A breach of the duty of loyalty vis-à-vis the Company, provided that the Office Holder acted in good faith and had reasonable basis to believe that the act would not harm the Company;
 3. A monetary obligation imposed on him in favor of another Person;
 4. Reasonable litigation expenses, including attorney fees, incurred by the Office Holder as a result of an administrative enforcement proceeding instituted against him. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Office Holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 1968, as amended (the "Securities Law") and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees; or
 5. Any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an Office Holder in the Company.

(b) Indemnity of Office Holders:

- i. The Company may indemnify an Office Holder therein, retroactively or pursuant to an advance undertaking, to the fullest extent permitted by law. Without derogating from the aforesaid the Company may indemnify an Office Holder in the Company for liability or expense imposed on him in consequence of an action made by him in the capacity of his position as an Office Holder in the Company, as follows:
 1. Any financial liability he incurs or imposed on him in favor of another Person in accordance with a judgment, including a judgment given in a settlement or a judgment of an arbitrator, approved by a court.
 2. Reasonable litigation expenses, including legal fees, incurred by the Office Holder or which he was ordered to pay by a court, within the framework of proceedings filed against him by or on behalf of the Company, or by a third party, or in a criminal proceeding in which he was acquitted, or in a criminal proceeding in which he was convicted of a criminal offense which does not require proof of criminal intent.
 3. Reasonable litigation expenses, including legal fees he incurs due to an investigation or proceeding conducted against him by an authority authorized to conduct such an investigation or proceeding, and which was ended without filing an indictment against him and without being subject to a financial obligation as a substitute for a criminal proceeding, or that was ended without filing an indictment against him, but with the imposition of a financial obligation, as a substitute for a criminal proceeding relating to an offence which does not require proof of criminal intent, within the meaning of the relevant terms in the Companies Law, or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Office Holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees.

ii. **Advance Indemnity** The Company may indemnify an Office Holder therein, except as provided by applicable law. The Company may give an advance undertaking to indemnify an Office Holder therein in respect of the following matters:

1. Matters as detailed in Article 57(b)(i)(1), provided, however, that the undertaking is restricted to events, which in the opinion of the Board of Directors, are foreseeable in light of the Company's actual activity at the time of granting the obligation to indemnify and is limited to a sum or measurement determined by the Board of Directors as reasonable under the circumstances. The indemnification undertaking shall specify the events that, in the opinion of the Board of Directors are foreseeable in light of the Company's actual activity at the time of grant of the indemnification and the sum or measurement, which the Board of Directors determined to be reasonable under the circumstances;
2. Matters as detailed in Article 57(b)(i)(2) and 57(b)(i)(3); and
3. Any matter permitted by applicable law.

(c) **Exemption of Office Holders**. The Company may exempt an Office Holder therein in advance and retroactively for all or any of his liability for damage in consequence of a breach of the duty of care vis-à-vis the Company, to the fullest extent permitted by law.

(d) **Insurance, Exemption and Indemnity – General**.

- i. The provisions of this Article 57 with regard to insurance, exemption and indemnity are not and shall not limit the Company in any way with regard to its entering into an insurance contract and/or with regard to the grant of indemnity and/or exemption in connection with a person who is not an Office Holder of the Company, including employees, contractors or consultants of the Company, all subject to any applicable law.
- ii. Articles 57(a) through 57(d) shall apply mutatis mutandis in respect of the grant of insurance, exemption and/or indemnification for Persons serving on behalf of the Company as Office Holders in companies controlled by the Company, or in which the Company has an interest.
- iii. An undertaking to insure, exempt and indemnify an Office Holder in the Company as set forth above shall remain in full force and effect even following the termination of such Office Holder's service with the Company.
- iv. Any amendment to the Companies Law, the Securities Law or any other applicable law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to this Article 57 shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by the Companies Law, the Securities Law or such other applicable law.

NOTICES

58. Notices

(a) Any written notice or other document may be served by the Company upon any shareholder either personally, or by facsimile transmission, or by sending it by prepaid mail (airmail or overnight air courier, if being sent from any country to a destination outside such country) or electronic mail addressed to such shareholder at his address as set forth in the Register of Shareholders or such other address as he may have designated in writing for the receipt of notices and other documents. Any written notice or other document may be served by any shareholder upon the Company by tendering the same in person to the Secretary or the General Manager of the Company at the principal office of the Company, or by facsimile transmission, or by sending it by prepaid registered mail (airmail or overnight air courier if being sent from any country outside Israel) to the Company at its registered office. Any such notice or other document shall be deemed to have been served (i) in the case of mailing, three (3) days after it has been posted, or when actually received by the addressee if sooner than three (3) days, after it has been posted; (ii) in the case of overnight air courier, on the second business day following the day sent; (iii) in the case of personal delivery, on the date such notice was actually tendered in person to such shareholder (or to the Secretary or the General Manager); (iv) in the case of facsimile transmission, on the date on which the sender receives automatic electronic confirmation that such notice was successfully transmitted; or (v) in the case of electronic mail, on the date on which the sender receives telephonic or written confirmation that such notice was received. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 58(a).

(b) All notices to be given to the shareholders shall, with respect to any share to which Persons are jointly entitled, be given to whichever of such Persons is named first in the Register of Shareholders, and any notice so given shall be sufficient notice to the holders of such share.

(c) Any shareholder whose address is not specified in the Register of Shareholders, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

RIGHTS OF SIGNATURE

59. Rights of Signature

The Board of Directors shall be entitled to authorize any Person or Persons (who need not be officers or Directors) to act and sign on behalf of the Company, and the acts and signature of such Person(s) on behalf of the Company with the Company's stamp or printed name shall bind the Company insofar as such Person(s) acted and signed within the scope of his or their authority.

WINDING UP

60. Winding Up

(a) Notwithstanding anything to the contrary in these Articles, a Shareholders Resolution approved by 75% of the voting shares represented at such meeting in person or by proxy is required to approve the voluntary winding up of the Company.

(b) If the Company be wound up, liquidated or dissolved, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, if any, the assets of the Company legally available for distribution among the shareholders, after payment of all debts and other liabilities of the Company, shall be distributed to the shareholders in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made, provided, however, that if a class of shares has no nominal value, then the assets of the Company legally available for distribution among the holders of such class shall be distributed to them in proportion of their respective holdings of the shares in respect of which such distribution is made.

JURISDICTION

61. Jurisdiction

(a) Unless the consent of the Company in writing has been received to the election of an alternative forum, and with the exception of all matters concerning a claimant or class of claimants having the right to file an action in the courts in Israel, in relation to causes of action by virtue of the U.S. Securities Act of 1933 (as amended), the federal district courts of the United States of America shall be the exclusive forum for resolving any action the causes of which result from the U.S. Securities Act of 1933 (as amended).

(b) Unless the consent of the Company in writing has been received to the election of an alternative forum, the

Tel-Aviv District Court will constitute the exclusive forum for: (a) a derivative action or derivative proceeding that is filed in the name of the Company; (b) any action grounded in a breach of fiduciary duty of a director, officeholder or other employee of the Company towards the Company or towards the shareholders of the Company; or (c) any action the cause of which results from any provision of the Companies Law or the Securities Law. Any person or entity purchasing or otherwise acquiring, or holding, any interest in the shares of the Company will be deemed to be parties to whom notice has been given of the provisions of these clauses and as parties who have given their consent to the provisions of these clauses.

- 21 -

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry Jasinski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ReWalk Robotics Ltd. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Larry Jasinski
Larry Jasinski
Chief Executive Officer
(Principal Executive Officer)
ReWalk Robotics Ltd.

Date: May 15, 2024

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Lawless, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ReWalk Robotics Ltd. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Michael Lawless
Michael Lawless
Chief Financial Officer
(Principal Financial Officer)
ReWalk Robotics Ltd.

Date: May 15, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ReWalk Robotics Ltd. (the "Company") for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry Jasinski, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Larry Jasinski

Larry Jasinski
Chief Executive Officer
(Principal Executive Officer)
ReWalk Robotics Ltd.

Date: May 15, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ReWalk Robotics Ltd. (the "Company") the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Lawless, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Lawless
Michael Lawless
Chief Financial Officer
(Principal Financial Officer)
ReWalk Robotics Ltd.

Date: May 15, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
